

# CITY OF HAGERSTOWN



## MAYOR & CITY COUNCIL'S ADOPTED BUDGET

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Fiscal Year 2014 - 2015

July 1, 2014 - June 30, 2015

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Hagerstown  
Maryland**

For the Fiscal Year Beginning

**July 1, 2013**

Executive Director

### **Summary**

The City Administrator is required by the City Charter to submit a proposed budget to the Mayor and Council at least ninety (90) days prior to the beginning of the fiscal year. The Charter also states that the budget shall be adopted no later than June 1<sup>st</sup> of each year. In addition to the City's operating budget, the City Administrator presents for Council's review a five-year plan for capital improvement programs. Public hearings are scheduled and advance notices are published by Mayor and Council. The budget is approved and adopted in the form of an ordinance. Throughout the year, the City Administrator has the ability to approve transfers of budgeted amounts between departments within any fund. However, only Mayor and Council can approve changes in the total appropriation level through a budget amendment ordinance. Amendments to the budget are performed by the City throughout the year as needed.

### **FY2015 Operating and Capital Budget Process**

Throughout the current fiscal year, the City Administrator and Department Managers have presented and discussed various budget agenda topics with Mayor and Council. The budget discussion topics have occurred from August 2013 through February 2014 and provided opportunities and guidance for the creation of the FY2015 budget document. There is a listing of the dates and topics in Section 1 of The Budget Message section.

In November and December 2013, departmental management and staff conducted a review of the Capital Improvement Program (CIP) projects for each department. Discussions and/or meetings were held with Department Managers to review the compiled CIP projects for prioritization of timing and funding within department and City goals. The Department Managers obtained requests from departments, neighborhoods, and homeowners for CIP projects. To assist the City Administrator in determining and recommending projects for funding, priorities were placed on capital projects that impact the City's facilities and infrastructure, safety and environment, legal provisions, and budget. During the same time, Department Managers met with Budget staff for a review of department CIP requests.

Also on November 26, 2013, the first public hearings on CDBG funding needs were held.

Review meetings began in January 2014 between Department Managers and the Budget Committee to consider departmental operating budget requests. From January 2014 through March 2014, priorities for the upcoming year were discussed and outlined. A number of requests for funding changes were discussed; and, requests that were approved by the City Administrator were incorporated into department budgets. Approved changes and proposed adjustments were then discussed with the departments. Lastly, the Budget staff compiled the FY2015 City Administrator's Proposed Operating Budget and the Capital Improvements Program for FY2015-2019 for presentation to Mayor and Council.

On March 31, 2014, the City Administrator and Budget staff in conjunction with City Management will present the Mayor and Council with the FY2015 City Administrator's Proposed Budget for review. From April 1, 2014 through May 27, 2014, the Mayor and Council and the City's senior management will work together to review and discuss the proposed budget and CIP projects. A public hearing will be scheduled for May 13, 2014 to discuss the Operating Budget and Capital Improvement Program (CIP), and property tax rates with a second public hearing on Community Development funding needs. Also, on May 20, 2014 Mayor and Council are scheduled to introduce the ordinance for the approval of the budget and CIP projects. Approval is estimated to be made on May 27, 2014 to adopt the ordinances to approve the budget as revised by Mayor and Council with the water, wastewater, electric, and other service charge fees, and to establish the property tax rate.

THE BUDGET DEVELOPMENT PROCESS  
FISCAL YEAR 2014/2015

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To conclude the Budget Development Process, Budget staff will implement the FY2015 Mayor and Council's Adopted Budget and FY2015-2019 approved CIP budget during June and July 2014. The FY2015 adopted budget will become effective on July 1, 2014. The proposed operating budget and CIP is available on the City's website at [www.hagerstownmd.org](http://www.hagerstownmd.org)

The City of Hagerstown operates under a council-manager form of municipal government. A charter granted by the General Assembly of Maryland formed the governing authority for the City. The Mayor and Council are the governing body of the City, which is responsible for formulating administrative policies. The Mayor and Council are comprised of a mayor and five council members all directly elected by Hagerstown residents to serve four-year terms. The City Administrator is appointed by the Mayor and Council to serve as the Chief Executive Officer of the City. Washington County is mandated by law to provide schools, libraries, and social services in Hagerstown.

The City of Hagerstown provides the community with a full range of services and programs across multiple departments. The City Administrator directs and supervises all City operations. Within the administration, the City Clerk serves as the record-keeping officer for the Mayor and Council, and is responsible for the preparation, execution, and archiving of all City Council documents as prescribed by State law and City Code. The City is a responsible steward of its resources, and provides accountability for the disbursement of funds, financial reporting and asset management. All City employees are supported through the Human Resources department to promote efficient operations.

The City helps expand, retain and attract businesses, oversees planning and permitting functions, and provides community events programming. The community enjoys 19 parks and additional recreation facilities throughout Hagerstown, to include a municipal golf course, a public swimming pool, and an indoor ice and sports complex. The City provides a clean, safe and well-maintained environment in our neighborhoods and community gathering places. The community receives public safety protection through the operation of the City's career fire and police departments.

The City administers the trash, recycling and yard waste collection program for the convenience of our customers. Residents and businesses are provided water, wastewater and electric services at competitive rates. The City's infrastructure is well-maintained to ensure its longevity, provide efficient operations, and reduce costs. Staff ensures traffic flows smoothly throughout the city, and sees that our public ways are accessible for all members of the community.

The City of Hagerstown was founded by Jonathan Hager, a German immigrant who came to America in search of adventure and potential fortune. The home he built in 1739 is fully restored and open to guests at Hagerstown's City Park. The city's railroading history is preserved at the Hagerstown Railroad Museum, also located at City Park, and features period tools of the trade as well as a restored steam engine built in 1912. The City's rich history also includes stories from the Civil War, when the community managed to spare themselves from ransom and destruction by the Confederate troops.

Hagerstown was named the "Hub City" back when railroading was a primary source of transportation; the name has stuck throughout the years due to the city's unique positioning at the hub of Interstate 81 and Interstate 70. Today creative service and technology-related companies are recognizing Hagerstown's close proximity to Baltimore and the D.C.-metropolitan area as an asset, and Hagerstown is seeing a trend those companies locating in the city. Retail opportunities are expanding in the community among both big-box and small businesses throughout area shopping centers. In downtown Hagerstown, over 20 distinctive, locally-owned and operated dining options can be found within a two-block radius in each direction from the Public Square.

Residents and visitors alike find Hagerstown to be an ideal combination of city living and small-town charm. Downtown Hagerstown's Arts & Entertainment District is home to the historic

COMMUNITY PROFILE  
FISCAL YEAR 2014/2015

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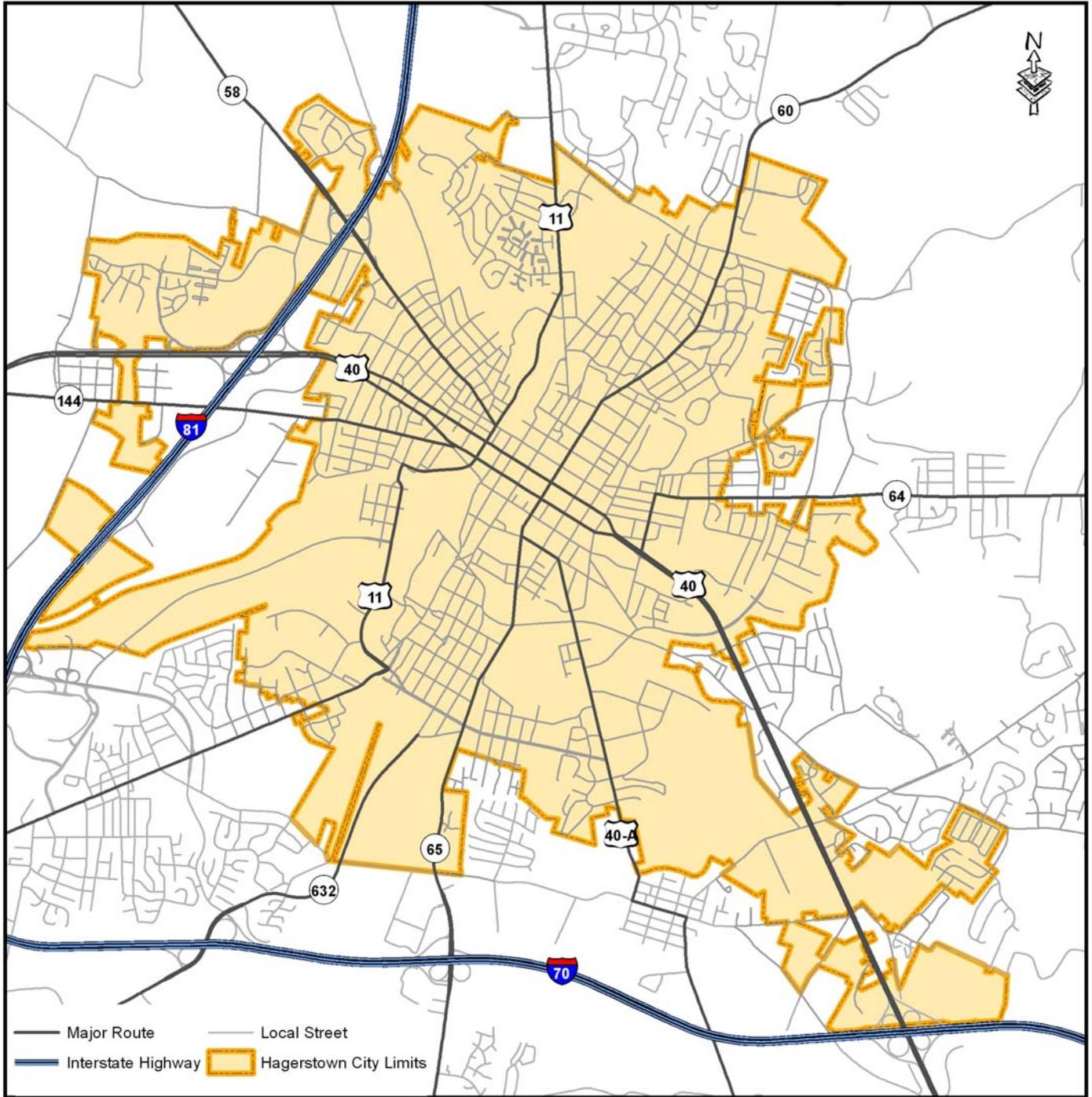
Maryland Theatre, which hosts the Maryland Symphony Orchestra and other popular performing groups and acts. Area artists proudly display their work at the Washington County Arts Council and other local art galleries. The Washington County Museum of Fine Arts is one of four designated fine arts museums in the state of Maryland, and welcomes visitors to its galleries from the picturesque setting of City Park, profiled as the most beautiful city park by a national travel website. City Park is one of 19 parks throughout the park system, which also includes the community's first Dog Park. All parks and recreation facilities owned and managed by the City are smoke-free, with the exception of Municipal Stadium and The Greens at Hamilton Run, a nine-hole golf course overlooking a mountain view. The Hagerstown Ice & Sports Complex hosts hockey games, figure skating competitions, and public skate for amateurs on the ice. The University System of Maryland Education Center opened in the heart of downtown in January 2005; and, currently there are five universities offering 13 undergraduate and eight graduate programs.

The population of the City of Hagerstown and its surrounding suburbs grew by approximately 9% between 2003 and 2013. More recently the trend has leveled and decreased slightly or by 0.1% between 2010 and 2013. The 2013 population estimate for the City of Hagerstown is 39,662 with the suburban fringe containing approximately another 57,327. In the City of Hagerstown, there are currently 1,292 housing units in various stages of development and construction. Many residents have organized into groups under the City's Neighborhoods 1<sup>st</sup> program to take responsibility for the well-being of their neighborhood and build community pride.

The City of Hagerstown and its community partners are proud to organize and host special events that bring people together from Hagerstown and the surrounding region. The annual Western Maryland Blues Fest has grown in popularity for nearly 20 years, attracting blues music fans to the three-day festival from all around the Mid-Atlantic coast area. The annual Augustoberfest is a weekend festival that celebrates the city's German heritage with Bavarian food, entertainment, and merriment. A newer event, the Krumpe's New Year's Eve Donut Drop, is hosted by local entertainment guide, What's NXT, and creates a mock midnight celebration for families who count down as a giant paper-mache donut descends from the clock tower in Public Square.

The City of Hagerstown continues to streamline operations for efficiency and provides the highest-quality services to enhance our community's quality of life, support community pride, and further the sustainability of the organization.

MAP – CITY OF HAGERSTOWN  
FISCAL YEAR 2014/2015



MISCELLANEOUS STATISTICS – JUNE 30, 2013  
FISCAL YEAR 2014/2015

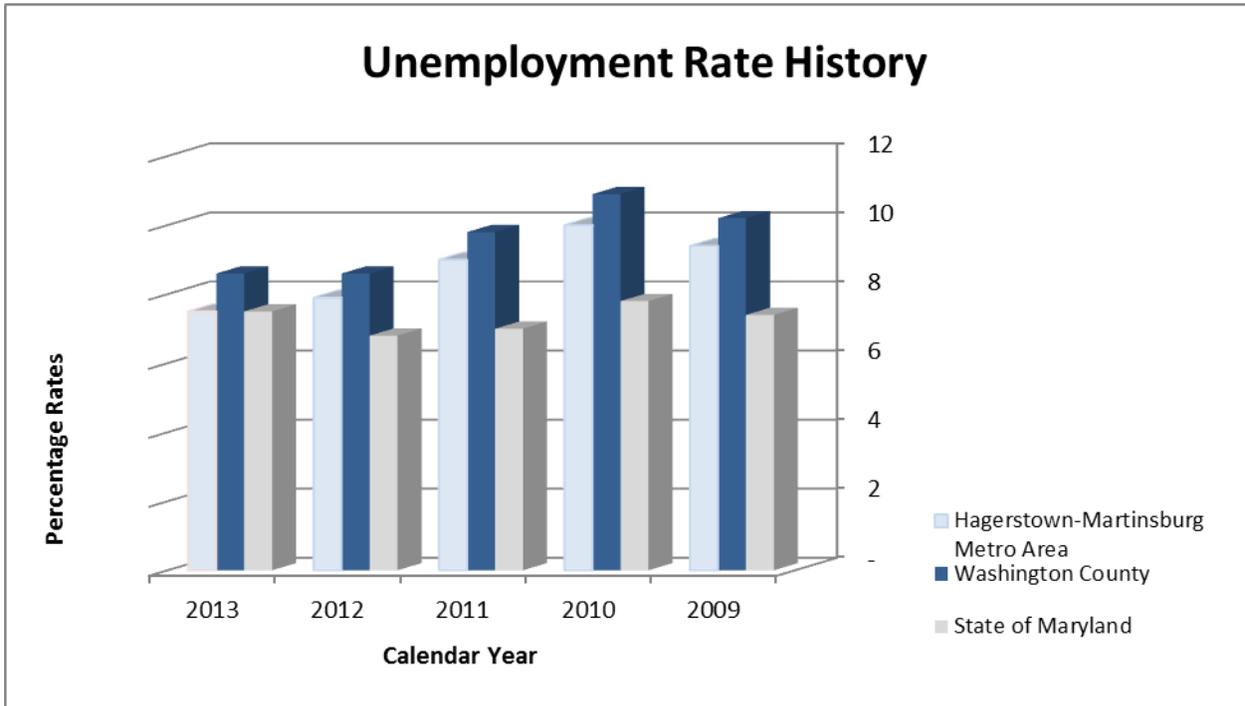
<b>City Charter Dates</b>		<b>Population – per United States Census</b>	
		<b>Fiscal Year</b>	<b>Population</b>
Date founded	1762	1900	13,591
Date of incorporation	1813	1910	16,507
Date of adoption of present City Charter	1983	1920	28,064
Form of Government	Mayor, Council, and Administrator	1930	30,861
Area (in square miles)	12.1	1940	32,491
		1950	36,260
		1960	36,660
		1970	35,852
		1980	34,132
		1990	35,445
		2000	36,687
		2009	40,065
		2010	39,996
		2012 (Estimate)	39,662
<b>Fire Department</b>			
Number of Stations (4 volunteer, 2 City owned)	6		
Number of Fire Hydrants (within City limits)	814		
Responses to Fire alarms	2,648		
Average response time (in minutes)	4:02		
Malicious False alarms (included in above number)	32		
Public fire education programs	813		
Persons in attendance at public education programs	5,750		
<b>Parks and Recreation</b>		<b>Police Department</b>	
Parks and Playgrounds (292.417 acres)	19	Parking ticket violations issued	8,838
Minor League Baseball Stadium (9.94 Acres)	1	Net parking fines	113,540
Outdoor Swimming Pool (Claude M Potterfield Pool 1.5 acres)	1	Safe Speed Program citations issued	43,998
Total attendance at swimming pool	17,945	Calls for service	60,764
Average daily attendance at pool	285	Alarm calls (included in above number)	496
Municipal Golf Course (The Greens at Hamilton Run 61.9 acre:	1		
Total attendance at golf course	9,998	<b>Public Works</b>	
Average daily attendance at golf course	37	Miles of paved streets and alleys	152.333
		Number of traffic signals maintained	132
<b>Electric Department</b>		<b>Parking Facilities Department</b>	
Number of active accounts	16,863	Number of lots	7
Number of meters (in use)	17,876	Number of Parking Spaces (metered or rented)	
Kilowatt hours purchased	314,865,535	Lots	701
Kilowatt hours sold	304,005,581	Streets	374
System peak demand-kilowatts	66,100	Parking Decks:	2
Number of substations – 34.5KV to 13.8KV	7	Number of Parking Spaces	625
		Number of Permit Parkers	485
<b>Water Department</b>		<b>Wastewater Department</b>	
Number of active accounts-City	13,088	Number of active accounts-City	12,795
Number of active accounts-County	15,430	Number of active accounts-County	2,902
Total number of active accounts	28,518	Number of active accounts-District (JSA)	3,476
Daily average productions in million gallons		Number of active accounts-Total	19,173
R.C. Willson Plant (365 days)	11.599	Daily average of sewage treated (in million gallons)	6.55
Wm. M. Breichner Plant (365 days)	0	Daily average plant capacity (in million gallons)	10.5
Greatest consumption for a single day	13.65	Number of City owned pumping stations	25
Plant pumping capacity per day	20	Miles of collection system – City owned	156
Average daily metered consumption	7.729		
Miles of water mains (estimate)	425		

MISCELLANEOUS STATISTICS – JUNE 30, 2013  
FISCAL YEAR 2014/2015

Principal Employers in the Metropolitan Area  
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washington County Public Schools	2,965	1	4.46%	2,573	3	4.02%
Meritus Health, Inc. (Washington County Health System, Inc.)	2,860	2	4.30%	2,908	1	4.55%
Citicorp Credit Services, Inc	2,500	3	3.76%	2,500	4	3.91%
State of Maryland	2,304	4	3.46%	2,774	2	4.34%
First Data Merchant Services	2,214	5	3.33%	1,931	5	3.02%
Volvo Powertrain NA (Mack Trucks, Inc.)	1,391	6	2.09%	1,264	6	1.98%
Washington County Government	1,134	7	1.70%	903	8	1.41%
Hagerstown Community College	813	8	1.22%			0.00%
The Bowman Group, LLC	753	9	1.13%			
FedEx Ground	648	10	0.97%			
Federal Government				602	10	0.94%
Pheonix Color Corporation				725	9	1.13%
GST AutoLeather				1,007	7	1.57%
<b>Total</b>	<b>17,582</b>		<b>26.42%</b>	<b>17,187</b>		<b>26.87%</b>

Source: Principal Employers for Washington County MD provided by Hagerstown/Washington County EDC.  
Note: Total County employment for 2013 was 66,543 and 2004 was 63,947 as supplied by Bureau of Labor Statistics



MISCELLANEOUS STATISTICS – JUNE 30, 2013  
FISCAL YEAR 2014/2015

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Washington Real Estate	\$ 58,036,733	1	2.34%	\$ 37,989,626	1	2.42%
Walmart Real Estate Business Trust	20,591,200	2	0.83%	13,681,232	3	0.87%
Lowe's Home Centers, Inc.	20,280,600	3	0.82%	10,424,420	6	0.66%
I-81 Hollyhock LLC	18,833,900	4	0.76%			
OEKOS Stone House LLC	18,735,300	5	0.76%			
Hagerstown Apartments (Limited) Partnership	17,999,700	6	0.73%	11,332,032	4	0.72%
Sams Real Estate Business Trust	14,891,467	7	0.60%	10,429,162	5	0.66%
Hagerstown Plaza LLC	14,516,600	8	0.59%			
FB Hagerstown LLC	14,254,000	9	0.58%			
Cortpark II LLC	14,250,000	10	0.58%			
Verizon - Maryland				32,574,360	2	2.07%
Inland Southeast Valley Park LLC				9,911,800	7	0.63%
Ahold Real Estate Company				9,700,332	8	0.62%
GH Hagerstown Supermarket, LLC				9,682,332	9	0.62%
Columbia Gas of Maryland, Inc.				9,678,110	10	0.62%
<b>Totals</b>	<b>\$ 212,389,500</b>		<b>8.58%</b>	<b>\$ 155,403,406</b>		<b>9.89%</b>

Source: City of Hagerstown FY13 CAFR (Comprehensive Annual Financial Report).

ORDINANCE No. O-14-09

ESTABLISHING THE TAX RATES  
FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015  
CITY OF HAGERSTOWN, MARYLAND

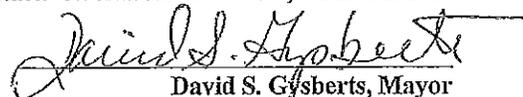
Pursuant to the Charter of the City of Hagerstown and the general public laws of the State of Maryland, the legislative body of the City of Hagerstown is charged with establishing tax rates; and the Mayor and Council, as the duly constituted legislative body for the City of Hagerstown has complied with all the provisions of the Annotated Code of the State of Maryland, the Charter of the City of Hagerstown and all other applicable laws in reference to establishing said tax rates.

NOW, THEREFORE, BE IT RESOLVED, ENACTED and ORDAINED by the Mayor and Council of the City of Hagerstown, that the tax rates for the City for the taxable levy year from July 1, 2014 through June 30, 2015, is hereby established as follows:

- A. All real property is hereby levied and chargeable on the basis of \$0.898 per \$100 based on the assessed value of said properties as required by the Charter of the City of Hagerstown, the Maryland Constitution, and the Annotated Code of Maryland.
- B. All business personal property, except as otherwise provided for by Ordinance 98-04 entitled *ORDINANCE ESTABLISHING THE ASSESSMENT LEVY FOR THE PERSONAL PROPERTY CATEGORIES OF MANUFACTURING MACHINERY & EQUIPMENT, COMMERCIAL INVENTORY AND MANUFACTURING INVENTORY for the CITY OF HAGERSTOWN, MARYLAND for the FISCAL YEAR JULY 1, 1998 and Thereafter*, is hereby levied and chargeable on the basis of \$2.245 per \$100 based on the assessed value of said properties as required by the Charter of the City of Hagerstown, the Maryland Constitution, and the Annotated Code of Maryland.
- C. Taxpayers who pay the taxes referred to herein, between the period of July 1, 2014 up to and including July 31, 2014, shall be entitled and are hereby granted a one quarter of one percent (1/4%) discount on the amount of said tax. Any property tax levy assessed and invoiced after September 30, 2014 shall be and is hereby granted a period of thirty (30) days from the invoice date to pay without additional interest or penalty.
- D. A semiannual payment plan for all real property is established in accordance with state law. Any taxpayer who makes an election to pay taxes on a semi-annual payment plan shall pay a service charge on and with the second installment based on the amount deferred.

BE IT FURTHER ORDAINED that the effective date of the tax rate established herein is July 1, 2014 and shall govern for the period set forth.

MAYOR AND COUNCIL OF THE  
CITY OF HAGERSTOWN, MARYLAND

  
David S. Gysberts, Mayor

  
Donna Spickler, City Clerk

Date of Introduction: May 20, 2014  
Date of Passage: May 27, 2014  
Effective Date: July 1, 2014

**ORDINANCE No. O-14-10**

**ESTABLISHING THE BUDGET FOR  
FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015  
CITY OF HAGERSTOWN, MARYLAND**

Pursuant to the Charter of the City of Hagerstown, the City Council is required to adopt a budget providing a complete financial plan for the budget year, with estimates of anticipated revenues and proposed expenditures for the coming year. The Charter further requires that the total anticipated revenues shall equal or exceed the total of the proposed expenditures.

In accordance with the provisions of the City Charter, Article VII, Finance, the City Administrator submitted a proposed budget to the Mayor and Council not less than ninety days before the beginning of the fiscal year, and a public hearing was held on May 13, 2014 after fifteen days notice in a newspaper of general circulation.

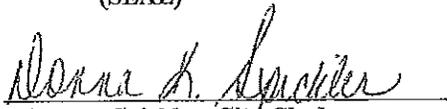
**NOW, THEREFORE BE IT RESOLVED, ENACTED and ORDAINED** by the Mayor and Council of the City of Hagerstown, that the budget for the City for the fiscal year beginning July 1, 2014 and ending June 30, 2015, is hereby established as follows:

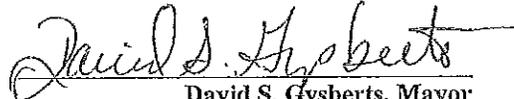
<u>Category</u>	<u>Proposed City Amount Proposed</u>	<u>As Revised by Mayor and Council</u>
General Fund	\$ 40,062,224	\$ 40,062,224
Community Development Block Grant	869,863	869,863
Other Special Revenue Funds	1,085,664	1,085,664
General/Capital Improvement Projects	9,117,028	9,117,028
<b>TOTAL Government Fund Types</b>	<b>\$ 51,134,779</b>	<b>\$ 51,134,779</b>
Electric Fund	\$ 24,762,523	\$ 24,762,523
Water Fund	17,215,747	17,215,747
Wastewater Fund	16,234,117	16,234,117
Parking Fund	875,269	875,269
Golf Fund	468,300	468,300
Property Management Fund	1,158,405	1,158,405
<b>TOTAL Enterprise Fund Types</b>	<b>\$ 60,714,361</b>	<b>\$ 60,714,361</b>
Service & Trust Funds	9,378,082	9,378,082
<b>TOTAL Combined Uses of Funds</b>	<b>\$ 121,227,222</b>	<b>\$ 121,227,222</b>

**BE IT FURTHER ORDAINED** that the effective date of the budget established herein is July 1, 2014 and shall govern for the period set forth.

**MAYOR AND COUNCIL OF THE  
CITY OF HAGERSTOWN, MARYLAND**

(SEAL)

  
Donna Spickler, City Clerk

  
David S. Gysberts, Mayor

Date of Introduction: *May 20, 2014*  
Date of Passage: *May 27, 2014*  
Effective Date: *July 1, 2014*

Record and return to: Donna Spickler, City Clerk  
City Hall, Room 200  
One East Franklin Street  
Hagerstown, MD 21740

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# OVERVIEW SECTION 1

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# CITY OF HAGERSTOWN, MARYLAND

City Administrator's Department

March 31, 2014

To: Mayor and Council

The Proposed FY15 Budget is presented for your consideration. It reflects the work of staff and meetings with Mayor and Council over the past several months as we have wrestled with the challenges resulting from the recent Triennial Reassessment of Real Estate Values, the increasing costs of employee wages and benefits, and the ongoing impact of the economic recession on Hagerstown. In many ways this is a very difficult budget reflecting serious concerns over the current and future sustainability of our operations and services resulting from the ongoing lack of financial resources that has negatively impacted us since FY10.

Among the more painful aspects of this budget proposal are the inclusion of an 11 cent increase in Hagerstown's property tax rate, our first rate increase since FY05, the use of \$588,500 in Fund Balance from the General Fund to offset the lack of operating revenue to pay for vehicle purchases and capital expenditures next year, and the continued revenue shortfall as reflected in our staffing levels and operating accounts throughout the General Fund. This lack of revenue is constraining our operations and ability to meet the demands of serving our community and supporting our employees. Our present financial condition draws into question our ability to undertake community based projects of interest to the Mayor and Council and whether Hagerstown can ultimately compete with other communities for private sector investment, job creation, and residents. All of this is an indication that our current financial condition is not sustainable and threatens our operations and the future vitality of Hagerstown.

So this becomes a budget of tough choices. In prior years we have eliminated a significant number of staff positions from our budget while freezing funding for other positions. (There are 25 unfunded positions which remain in this proposed budget.) Our employees have foregone both pay step increases and cost of living pay adjustments for four years along with unpaid furlough and work stop days. To ask our departments to undertake further staffing reductions, more years of frozen pay steps with no Cola's, additional deferrals of equipment purchases, and operating account reductions will further weaken our operations. I do not view these choices as continuing viable options.

Until now we have not raised property tax rates despite our General Fund budget suffering major losses of revenue from the State and County in addition to much lower property tax funding for the past five fiscal years. To strengthen our finances to better support our operations, services, and employees I am recommending the proposed 11 cent tax increase. This will provide much needed resources to sustain us as a municipal government and most directly meet our needs both now and into the future. We need to keep a strong focus on our future year projections and this approach helps us do that. If we choose to remove or significantly lower the proposed tax increase and expect to maintain the same level of services with lower revenue we will further weaken our operations.

There are other options available to us that the Mayor and Council may wish to consider. One is the elimination of certain City services, programming, and facilities. A second option is the shifting of current City services to other service providers. We can also consider reductions in benefits for future hires as a third option that will lessen financial demands over the long term. During the past five years we have not relied on the first two of these options to offset our loss of General Fund revenue. We have made some adjustments in employee benefits over the years. Staff will be available to assist the Mayor and Council if you wish to consider these options or others as an alternative or supplement to the property tax increase.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**MAYOR AND COUNCIL BUDGET WORK SESSIONS AND DISCUSSIONS**

Our current financial condition and the proposed tax rate increase will not come as a surprise to the Mayor and Council. On February 18<sup>th</sup> of this year we provided you a copy of the State of Maryland's 2014 Constant Yield Tax Rate Certification for Hagerstown indicating that the net assessable real property base for the City had declined 7.8% based on the most recent triennial reassessment. This percentage decline was extremely close to the 8% drop staff had included in our FY15 Projections presented to Mayor and Council in April 2013. These projections had shown the significant shortfall in our General Fund Budget which we are now trying to correct.

The State's certification indicated a 6.74 cent increase in our tax rate would be needed next year to maintain the level of property tax revenue we received in the current year. However, as the Mayor and Council know from our frequent discussions of wage and benefit costs over the past year, we have financial challenges which extend beyond the decline in our property tax base. These come in the form of an 8% increase in our health insurance costs, a 10.7% increase in Police and Fire pension expenses, a \$400,000 increase in our Workers Compensation Program costs, combined with growing payroll expense from the pay adjustments we have begun to implement for our employees in the current fiscal year and into the coming fiscal year.

We have devoted more time in Mayor and Council meetings to discussions of our financial condition and budget related issues over the past year than any time in recent memory. The following is a schedule of Mayor and Council meeting dates and topics related to our finances, which does not include the numerous times we have discussed employee pay and collective bargaining contracts and also the MELP Project. These meetings began in August 2013 following Mayor and Council adoption of the current fiscal year budget toward the end of last May.

**MAYOR AND COUNCIL BUDGET DISCUSSIONS**

August 20, 2013	Agency Contributions
September 10, 2013	Long-term Budget Strategy
September 24, 2013	Budget Work Session (prior to regular meeting): Stormwater Management Fee; Fire Service Tax; and Red Light Cameras
October 1, 2013	Healthcare update Stormwater Management Retrofit Study
October 8, 2013	Budget Work Session: Utility Dividend Transfers; Parking System User Fees; and Utility Tax Rate
October 15, 2013	Water/Wastewater Rate Study Update
November 5, 2013	Pavement Preservation
November 12, 2013	Budget Work Session: Safe Speed for Students; and Bond Financing and Debt Service Preliminary FY13 General Fund Review
December 3, 2013	Enterprise Fund Dividend Policy
December 17, 2013	Budget Work Session (prior to regular meeting): Third Parking Deck; Downtown Project Funding; Two Ladder Trucks; Use of Funding from Sale of Army Reserve Center; Use of FY13 General Fund Surplus; and CDBG Budget Information Update
January 7, 2014	General Obligation Bond: Meeting with City Financial Advisor Water and Wastewater Rate 5 Year Rate Plan: Meeting with Rate Consultants

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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January 14, 2014	Police and Fire Retirement Plan: Meeting with CBIZ and PNC
February 11, 2014	Presentation of FY13 Consolidated Annual Financial Report: Meeting with Auditors Recommendations for Health Care Changes for July 1, 2014

So this April and May become a critical time for the City as the Mayor and Council will devote extensive time and work to the eventual adoption of the FY15 Budget on May 27<sup>th</sup>.

### HISTORY OF WHAT WE HAVE DONE TO DATE

Facing difficult financial constraints is not new to us. After adopting the FY10 we began to lose General Fund revenue as the State eliminated Highway User and Police Protection revenue for Maryland municipalities. At one point we had lost \$4.2M in State and County revenue after Washington County eliminated tax rebate payments to Hagerstown and other towns in the County in FY11. We experienced an 11.2% decline in our assessable base in FY12 creating a sizeable loss of property tax revenue. In the current FY14 our total General Fund revenues of \$37,889,584 are \$2,871,463 below the approved FY10 Budget total of \$40,761,047, which was subsequently revised that year to \$38,324,192 to reflect the state revenue reductions in Late Summer 2009.

Throughout these difficult years we were able to live within our means and avoid a property tax rate increase primarily through position eliminations, unfunded positions, deferred capital expenditures, four years of no employee pay steps or cost of living adjustments, and some reduced benefit levels. The FY10 approved budget included funding for 486 full-time positions. At one point we operated with 56 fewer funded positions. In recent years we have begun to restore funding for some of these positions, primarily in our public safety operations. For next year we are proposing to operate with 440 funded positions with an additional 25 unfunded positions for a total of 465, reflecting the 21 positions we have eliminated from our operations.

In April, 2012 we began to implement our Safe Speed for Students Speed Camera Program which did add revenue to our General Fund. We recognized \$1,560,000 in revenue (less estimate for uncollectible amounts) from this program in FY13. The net program revenue remaining after program costs are deducted from the above amount was used to strengthen our public safety staffing and operations.

We have not chosen to reduce or eliminate service levels or facility operations to any extent. Much of our expenditure reductions have fallen on our employees because of our use of position eliminations, pay freezes, unpaid furloughs, and benefit reductions. On the plus side for our employees, we have not followed the course utilized by so many employers which is to reduce funding for health insurance and pension benefits. Our employees have also not been asked to pay a higher share of these costs in order to lower the City's expenditures. The City has been absorbing the cost increases we have experienced in our health insurance and pension programs.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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To recap some of this history the following summary of employee compensation and position funding is provided.

**CITY OF HAGERSTOWN WAGES SINCE JULY 2007**

<b>FY07/08:</b>	3% COLA 2 <sup>nd</sup> year of Springsted increase, steps granted
<b>FY08/09:</b>	3% COLA Last year of Springsted increase, steps granted
<b>FY09/10:</b>	No COLA Steps granted June 2010 – Three positions eliminated
<b>FY10/11:</b>	No COLA No steps Frozen career paths Furloughs (3.8 salary reduction/ 10 days off without pay) Service Reduction Days – City Hall closed 3 days 16 positions eliminated \$20,000 incentive to 19 employees to voluntary retire by 1/1/11
<b>FY11/12:</b>	No COLA No steps Frozen career paths \$1,000 gross one-time pay on 12/2/11 to all regular full-time employees (all groups) \$200 gross one-time pay on 12/2/11 to part-time employees
<b>FY12/13:</b>	No COLA No steps Frozen career paths \$1,000 gross one-time pay on 6/7/13 to all regular full-time employees (all groups)
<b>FY13/14:</b>	<b>Non-union:</b> 2% COLA effective 7/1/13; No steps <b>AFSCME 1540:</b> 2% COLA effective 8/1/13; Steps for employees at years 1 & 2 of the pay scale. Remainder continues to be frozen. Career-paths unfrozen. <b>IBEW:</b> 4% COLA effective November 4, 2013 <b>AFSCME 3373:</b> 1% COLA effective January 2014, Year 1 salary increased to \$38,549.47 effective 1/1/14. One-time payout \$1,000 gross, paid to 3373 only on April 11, 2014. <b>IAFF:</b> TBD
<b>FY14/15:</b>	<b>Non-union:</b> TBD by Mayor and Council <b>AFSCME 1540:</b> TBD – subject to wage reopener <b>IBEW:</b> Zero increase per contract <b>AFSCME 3373:</b> 1 pay step 7/1/14; 1 pay step effective 7/1/15, Year 1 salary increased to \$39,320.46 effective 7/1/14 and \$40,106.87 effective 1/1/15 <b>IAFF:</b> TBD

## HAGERSTOWN'S PROPERTY TAX

The FY15 Proposed Budget resorts to a sizeable property tax rate increase to balance the General Fund, an action that is clearly needed if we are to move forward. This recommendation is a product of both our community and financial history as well as our present budget condition. It is not an easily made recommendation because of the impact on our community, which is struggling to rebound from the recession. However, we need to recognize the value of our services to the community and the importance of our operations to our residents. Municipal governments rely on the financial support of their communities and after years of eliminating expenditures and forestalling a tax increase we have reached the point where we need to strengthen our resources so that we can continue operations.

We are dependent on the property tax to sustain our services to the community. The Property Tax is Hagerstown's primary revenue source for police, fire, public works, parks, and other city services, providing 65.6% of the General Fund in the current fiscal year 2013/14 budget.

Hagerstown's real estate values, which provide the assessable base for the property tax, have suffered as a result of the economic recession. We first experienced an 11.2% decrease in FY12 now followed by the 7.8% decline for FY15 as indicated in the February 14, 2014 Constant Yield Tax Rate Certification issued by the State of Maryland. As a result the City's net assessable base has declined from \$2,876,630,863 in July, 2010 to \$2,391,834,478 in July, 2014, based on the projection reported in the State's 2014 Constant Yield Notice. This would suggest that the City needs to raise its property tax rate 6.74 cents just to maintain the property tax revenue generated from the current rate in FY14.

When we received the 2011 Constant Yield Notice indicating the 11.2% drop in values for FY12, the State indicated that Hagerstown's Constant Yield Tax Rate at that time would be .9036 compared to our then current tax rate of .7880. In 2011 we chose to maintain our current tax rate and offset the decline in our assessable base for property taxes by significantly reducing expenditures. This was done both to avoid a tax rate increase and in hopes that the 2014 Constant Yield Notice would reflect an increase in values for FY15. The latter did not occur as reflected in the 7.8% drop we have just experienced.

In October, 2009 Washington County revised its Tax Differential model that had been in place since 1986 and terminated its tax rebate payments to municipalities. In taking this action the Commissioners lowered the County's tax rate on real estate within the City by 12.5 cents effective in FY11 and eliminated their tax differential/rebate payment to the City which provided approximately \$1.6M in revenue to Hagerstown's General Fund. Despite this significant loss in General Fund revenue, the Mayor and Council decided not to raise the City's tax rate. This resulted in a 12.5 cent drop in the combined City and County property tax rate, a significant savings to taxpayers in the City in each of the past four fiscal years.

The City's current real estate tax rate of \$.788 per \$100 of assessed value has been in place since FY09. It was last increased in FY05. Throughout the recession and the subsequent loss of City revenue Hagerstown has not raised its property tax rate.

This Proposed Budget includes an 11 cent rate increase in the City's property tax rate, slightly less than the 12.5 cent reduction taxpayers received in FY11. Neither the City nor County has raised property tax rates following the 12.5 cent reduction. This increase will certainly result in a higher combined City, County, and State tax rate for Hagerstown property owners of \$1.833 per \$100 in FY15, although not as the combined \$1.878 rate City taxpayers paid in FY05 or the \$1.848 combined rate they paid as recently as FY10.

This history shows that the City has used restraint in raising the tax rate throughout the recession by relying on expenditure reductions. At a time when many municipal governments were raising rates, our taxpayers were able to enjoy lower tax rates because the Mayor and Council elected to absorb the loss of State, County, and property tax revenue through other means.

Now the City faces a much more difficult situation due to the State's 2014 Constant Yield Notice and the resulting projected drop in real estate values. Our total property tax revenue would be approximately \$23,378,000 next year with no rate increase. This represents a \$1,100,000 decrease from the FY2013/14

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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budgeted property tax revenue. As Mayor and Council know, property tax revenue is critical to our ability to sustain our public safety operations and other services in the General Fund, and we have very limited opportunities under State Law to raise other revenues. For this reason we depend on the strength of our property tax. We have reached the point where Hagerstown needs to take action to strengthen its operating revenues so that we can support our operations and employees, or we need to begin eliminating City services and facilities.

The proposed 11 cent tax rate increase will generate \$2,574,000 in General Fund Revenue. Each one cent of increase in the rate yields \$234,000 in additional revenue. While this will provide critical revenue to support our current and future operations, we will continue to operate with tight revenues until we begin to see growth in our real estate values and a stronger local economy.

Any rate increase does not come without an impact on our taxpayers. For a homeowner with a residence valued at \$150,000, a \$0.11 cent increase will add an average range of \$64-\$165 to the 2014 property tax payment compared to the 2013 payment depending on the change in assessed value received in December 2013. Several examples are below:

- For any property owner, commercial or residential, which experienced a 7.8% or more decline in value in December, the first \$0.0674 of the \$0.11 proposed increase does not raise the tax bill over 2013.
- For any property owner, commercial or residential, which experienced an increase in value in December, the 2014 tax bill will reflect the impact of the \$0.11 increase plus the increase in assessed value.

One of the first questions we should address is how will we use the \$2,574,000 in General Fund revenue generated by the 11 cent increase. First, this increase will offset the \$1,100,000 loss in property tax revenue resulting from the decline in property values reported by the State. In addition the City is expected to experience an 8% increase in our health insurance program for retirees and employees in the coming fiscal year adding \$313,000 to our General Fund expenditures over FY2013/14 budget. Likewise, we learned in early March that our Workers Compensation costs will increase by a projected \$400,000 next year and that our financial support of our Police and Fire Pension will experience an increase of \$51,000 over FY2013/14 estimated actuals. It is important to note that after the previously mentioned four years in which our employees received no COLA or pay step increases we have begun to increase employee compensation in the current and coming fiscal year in an effort to get back on track with an appropriate annual adjustment in pay to acknowledge their accomplishments and the value they bring to the community. Employee pay is projected to increase \$651,019 over FY2013/14 budget in the General Fund next year.

## APPROPRIATION OF GENERAL FUND BALANCE

For the first time in many years, the FY15 Proposed Budget utilizes funding from the General Fund Balance to support annual operating expenditures. \$588,500 in Fund Balance is included to fund vehicle purchases and other capital improvement expenditures proposed for the coming fiscal year. Resorting to the use of Fund Balance to fund annual operating expenditures reflects two important financial factors for us to consider. On a positive note, one is the health of our General Fund Balance that has resulted from our strong financial management over the years that enables us to appropriate these funds. Of concern is the second factor which is the serious shortfall in operating revenue we face next year that has led us to take this action.

The City's General Fund Balance/Retained Earnings Policy appears in Section 10 Page 11 and specifies the City will maintain a minimum undesignated fund balance of 10% of the General operating budget, excluding capital outlay. As of the end of FY13, our most recently completed fiscal year, our Unassigned

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General Fund Balance totals 21.6%, well in excess of our policy requirement and the 16.7% level recommended by the Government Finance Officers Association.

Our reliance on the use of General Fund Reserve to fund operating expenditures next year is neither desirable nor a practice to be continued on an annual basis. However, the strength of our General Fund Reserve allows us to take this step to sustain our operations during this difficult time without damaging our finances.

It should also be noted that consistent with the Mayor and Council's prior approval of the Invest Hagerstown Program, this budget proposal includes \$235,000 from General Fund Reserve to support this program's expenditures in the Economic Redevelopment Fund in the coming year. When this program was approved by Mayor and Council last year, \$1,200,000 in General Fund Reserve was identified as the funding source for the downtown and residential revitalization incentives offered through Invest Hagerstown. At the time Mayor and Council made this commitment and approval, the \$1.2M was recorded as Assigned Fund Balance and this appropriation will not impact our Unassigned General Fund Balance as the funds are drawn and used toward the Invest Hagerstown program.

## STAFFING AND EMPLOYEE COMPENSATION

This Proposed Budget includes 440 funded full-time positions City-Wide, as reflected in the summary appearing in Section 1 Page 45. This represents an increase of 3 grant funded positions in the Police Department over the current year's 437 funded positions. The FY15 Proposed Budget reflects 25 unfunded positions, a lower number than the 39 we had in FY13. There were 27 unfunded positions at the start of this fiscal year. We continue to operate with a significant number of unfunded positions which are impacting our operations in several departments.

There are 304.83 full-time funded positions in our General Fund operations with 135.17 full-time positions funded in other City operations, primarily in our utilities.

This Proposed Budget reflects 465 funded and unfunded positions. This total breaks down to 116.04 positions in General Operations, 205 in Public Safety, and 143.96 in Enterprise Funds. In addition the budget includes 47 part-time positions across our operations.

Similar to other municipal governments, employee wages and benefits makes up the vast majority of our General Fund expenditures. In FY15 these expenditures represent 68% of the total General Fund.

As previously discussed, until the current fiscal year, our employees received no COLA's or pay step increases for four years. Employee benefits have been affected, especially beginning in FY11, when sick leave sell back was eliminated and sick leave payouts at retirement were reduced. This was the same year we implemented five unpaid work stop days and five unpaid employee furlough days. In addition over recent years the City has significantly reduced funding for employee training, professional development, and college tuition reimbursement. Unfortunately, the Proposed Budget again includes very limited funds for staff development and training. There is no question that as an employer we should be devoting more resources to supporting our staff's willingness to learn more and further grow in their profession.

The Proposed Budget includes a 6.2% increase in General Fund expenditures for wages and benefits in the coming year. This reflects the impact of the COLA's of 2% or less approved by Mayor and Council in the current year along with the restoration of step increases in FY14 for some of our AFSCME 1540 union positions in public works and utility operations. For next year we have included a 2% COLA for non-union, AFSCME 1540, and IAFF 1605 employees along, with a pay step increase approved by the Mayor and Council for our police officers effective July 1, 2014. In addition we have included a contingency lump sum amount in the General Fund to begin funding longevity step increases should Mayor and Council choose to approve these pay adjustments in FY15 for employees not covered by the multi-year collective bargaining contracts Mayor and Council approved during the current fiscal year. All of these approved costs and assumptions, along with growing health insurance, dental insurance, workers

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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compensation, and Public Safety Pension expenses contribute to the 6.2% increase. As Mayor and Council are aware, we have extended the prior contract with IAFF #1605 to June 30, 2014 to provide more time to negotiate this collective bargaining agreement.

It is my recommendation that to better sustain our operations and both retain and support our employees we should provide reasonable COLA and pay step increases in the coming fiscal year. We need to get back on a schedule for annual adjustments to employee compensation similar to what we provided before FY10.

It should also be emphasized that our cost projections for wages and benefits in the coming year may change from the assumptions we have included. The IAFF 1605 Union contract for our firefighters remains under negotiation. Likewise, the current AFSCME 1540 contract includes a wage and benefit reopener in both FY15 and FY16. The ultimate settlement of these contracts will impact employee pay amounts in the coming year. IBEW members negotiated a three year collective bargaining contract that provided them a 4% COLA effective November 4, 2013 with no additional compensation adjustments in FY15 or FY16. As previously discussed, the Proposed Budget reflects the costs associated with the recently approved contract with our police union.

During the past 18 months we have experienced the loss of numerous police officers as they have left employment with Hagerstown for higher compensation and other reasons. Since September 1, 2012 a total of 20 police officers have left the City. Although we have been able to hire 18 officers, we presently have 9 sworn position vacancies and 7 individuals enrolled in the Academy. This means we are currently operating with a staffing deficit of 16 officers on the street. Hagerstown faces a very competitive environment to recruit and retain officers. It is not anticipated that recently adopted Crime Free Housing legislation will increase HPD staffing levels.

Our Workers Compensation Program is also experiencing significant cost increases, primarily due to public safety employee presumption claims allowed under Maryland law. Our present Workers Compensation Insurance policy is scheduled for renewal effective July 1, 2014. Hagerstown's current year premium is \$955,622. Chesapeake Insurance provided an initial estimate of \$1,490,000 for our premium renewal. We have used a more conservative estimate of \$1,350,000 in the Proposed Budget.

Throughout the economic recession the City Government has also supported our employees. The City has not reduced its health insurance program for employees and retirees and has consistently absorbed the annual cost increases, choosing not to ask participants to contribute more for their health insurance coverage. In FY15, it is proposed that the City absorb the 8% cost increase anticipated for our health insurance program and the 3.5% cost increase estimated for our dental insurance program rather than asking our employees to pay more for their insurance. Likewise, the same can be said for the funding of the City's Police and Fire Pension Program. This means for the coming year the City is absorbing the anticipated 10.7% cost increase in our public safety pension program in this budget proposal, thereby not passing this cost on to our police officers and firefighters. The City's share of the General Fund health and dental insurance costs for employees and retirees totals \$4,140,907 in the FY15 Proposed Budget. The City's General Fund cost for Police and Fire employees enrolled in Hagerstown's Public Safety Pension Program is \$1,299,169 for the coming year. For other General Fund employees enrolled in the Maryland State Retirement System, the projected FY15 City cost is \$741,803. Please note that for employees other than those in General Fund operations the City's costs are not included in the above amounts. The City's costs for these employees and retirees totals an additional \$1,884,683 for health insurance and dental insurance and another \$806,115 for pensions.

## THE LOCAL ECONOMY

The local economy for Hagerstown and Washington County has not recovered from the recession. Hagerstown has experienced a 7.8% decline in the assessed value of real estate as reported in the February 2014 Constant Yield Notice issued by the State. In December 2012 the Triennial Reassessment for Funkstown, Boonsboro, and Smithsburg reflected an average decrease of 10.5% in residential values and an average increase of 8.5% in commercial values.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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According to a March 1, 2014 article from the Herald Mail Media, the jobless rate for Washington County improved in 2013, with the County finishing the year with an unemployment rate of 7.4%. However the local news source's coverage also includes several major local employers' plans to reduce staffing levels. These local employers (Citi, Meritus Health, Manitowoc, PetSmart, Johnson Controls, and Rust-Oleum) are all eliminating or relocating jobs. Hagerstown's unemployment rate finished the year at 8.6% after averaging 9.4% for 2013 according to Herald Mail Media.

On the plus side, Hagerstown's population increased to 40,393 residents based on the 2012 American Community Survey (ACS) of the U.S. Census, a nice increase from our 2000 census population of 36,687. Other 2012 ACS census information indicates that Hagerstown had a total of 18,304 housing units, of which 16,293 were occupied, resulting in a vacant housing rate of 11%, which was higher than the County rate of 7.3% and the State rate of 9.9%, (the National rate was 12.4%). Hagerstown's Median Household Income was \$36,897 according to the 2012 ACS census with 24.2% percent of our population living in poverty. According to City data, 15% of our occupied housing units in 2012 were subsidized for low-income housing.

In terms of 2013 building activity, during the year the City issued 497 building permits with a total estimated construction of \$28.2 million. Site plans were approved for 31,881 square feet of commercial and institutional development projects and 272 multi-family units. The total estimated construction value was \$43.23 million. We issued 78 permits in 2013 for 143 dwelling units.

Declining property values, a shaky job picture, and an already existing high rate of poverty all contribute to a challenging local economy for the City of Hagerstown as well as our entire community. In many ways this contributes to the need for a sizeable property tax rate increase while in other ways making it even more difficult to propose an increase. Like us, our community is struggling to work its way through and recover from the recession.

## SUMMARY OF FY15 PROPOSED BUDGET

The FY15 Proposed Budget continues to support the Vision and Mission Statements adopted by the Mayor and Council on October 22, 2013.

**Vision:**            ***A diverse, business-friendly, and sustainable community with clean, safe, and strong neighborhoods.***

**Mission:**        ***Providing the most efficient and highest-quality services as the municipal location of choice for all customers.***

To further our work in support of our Vision and Mission the FY15 Proposed Budget includes the following:

1. **Property Tax Revenue:** To strengthen the financial condition of our General Fund and better sustain our operations and services, an 11 cent increase in our property tax rate is proposed. This increase will generate \$2,574,000 in revenue to provide critical resources that are needed in our operations and community. As previously discussed this rate increase is a result of declining property values in our most recent Triennial Assessment of Real Estate and increasing costs for wages and benefits. Per the 2014 State Constant Yield notice, the City would need a 6.74 cent tax rate increase just to maintain current revenue levels. Based on our current financial condition and future year projections, you can make a case for increasing our tax rate beyond 11 cents. As we have discussed in prior work sessions and as evident in this budget, we have a clear need for resources beyond the level included in this Proposed Budget to truly sustain our existing services and operations, and fund Mayor and Council priorities for the community.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

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2. **Employee/Staffing:** The Proposed Budget includes 440 funded full-time positions, reflecting an increase of 3 grant funded positions in our Police services over the current year. We have not proposed any position eliminations for the coming year. The Budget does reflect 25 unfunded positions that we would like to restore to funded status in the future as resources become available. We have previously eliminated 21 positions from our operations.
  
3. **Employee Pay:** For FY15 the departmental budgets include a 2% Cost of Living Adjustment (COLA) for non-union employees and union personnel who do not have FY15 compensation increases already approved by Mayor and Council. Our IBEW personnel have received a 4% COLA effective November 4, 2013 under a three year contract approved by Mayor and Council on November 12, 2013. Police Officers under their AFSCME 3373 collective bargaining agreement approved by Mayor and Council on March 25, 2014 will receive one pay step increase on July 1, 2014 and 1 pay step increase on July 1, 2015. The July, 2014 pay step increase is included in the Proposed FY15 Budget. For employees other than our IBEW and Police Officer personnel, we have also included a lump sum amount in all of our operating funds for one longevity pay step increase should Mayor and Council decide to provide one in the coming year. This is an effort to recognize the importance of compensating our employees after four years of receiving no COLA or step increase and the need to restore compensation adjustments to our annual operating budget. Our employees are critical to our success in fulfilling our mission and vision to serve Hagerstown. They have helped us work through the economic recession, and continue to bring creativity and commitment to their work, often working in very challenging and demanding conditions. They deserve our support and I believe the FY15 Proposed Budget does so in a reasonable and appropriate manner.
  
4. **Employee Benefits:** This budget reflects an increase in our Workers Compensation Insurance Premium to \$1,350,000 from the current year amount of \$955,622. This increase is due to the cost of public safety employee presumption claims allowed under Maryland Law. In addition the Proposed FY15 Budget assumes the City will absorb an anticipated 8% increase in health insurance and a 3.5% increase in dental insurance for employees and retirees. Additionally, the City will absorb a 10.7% increase in our public safety pension costs.
  
5. **Five Year Projections:** Each year we prepare five year financial projections in our budget. These projections are set forth in detail in Section 7 which also includes narrative explanations of the projections. Please refer to Section 7 for more detailed information regarding our projections. The General Fund projection receives the most attention during budget work sessions and provides a useful guide as we look beyond the coming fiscal year. While these projections are preliminary in nature, in this case the start of FY16 is 15 months from now; we definitely face General Fund financial constraints that extend beyond the coming year. FY16 projections reflect increasing costs for wages, benefits, and capital expenditures, with little growth in General Fund revenue. This means that based on these preliminary assumptions and projections we face a sizeable shortfall in the FY16 General Fund budget.
  
6. **Debt Service Expenditures and Bond Issues:** On February 25, 2014 the Mayor and Council approved a resolution authorizing the sale of City Public Improvement Bonds in the principal amount of \$1,735,000 to fund a number of purchases and projects including Public Works and Utilities vehicles, Storm Drain System Upgrades, Parking Deck Improvements, and Utility System Capital Improvements. Information on our Bonded Debt Outstanding and our Debt Levels & Affordability is presented starting on Page 19 in Section 1. This information shows that we remain within our benchmarks as set forth in our Debt Policy. Our General Fund supported debt service projections appear in Section 7 Page 12, and reflect lower costs in FY2014/15 budget compared to FY2013/14 budget followed by increases in annual debt service in subsequent years. In our projections we have assumed a \$1,082,980 General Fund supported bond issue in 2014, a \$3,110,000. General Fund supported issue in 2015 and a 2016 General Fund supported issue of \$5,425,000. These General Fund supported bond issues will provide the funding for the MELP Project, purchase of two fire ladder trucks, and downtown revitalization projects, based on future decisions of the Mayor and Council. In addition our assumptions include significant bond issues to support capital improvement projects in our Enterprise Funds. Debt service projections for

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other Funds appear in the individual Fund projections statements in Section 7. The City continues to maintain its AA- rating with Standard Poor and or Aa3 rating with Moody's.

7. **Utility Rates:** This Proposed Budget reflects the five year rate schedule for our Water and Wastewater operations approved by Mayor and Council on February 25, 2014 to take effect with bills rendered on or after July 1, 2014 and the subsequent four years. Wastewater rates for all of our customers are scheduled to increase 12% next year, 4% in FY16 and FY17, and 2% in FY18 and FY19. The approved schedule for water provides annual rate increases of 2% in each of the next five fiscal years for all of our customers.
8. **General Fund Balance:** Due to the operating revenue constraints that we face and made possible by the City's prior financial management that has created a very healthy General Fund Balance, we are using General Fund Balance to fund a total of \$588,500 in General Fund operating capital expenditures and \$235,000 to fund the Invest Hagerstown revitalization incentive program that appears in the City's Economic Redevelopment Fund. It has not been our practice to use General Fund Balance for such purposes, but our current situation and the strength of our Fund Balance makes this an appropriate recommendation in the FY15 Proposed Budget.
9. **Community Development Block Grant:** This Fund provides important support for our neighborhood and downtown revitalization initiatives. In FY15 the CDBG Fund will provide \$80,000 for the continued development of Neighborhood Parks such as the recently completed Margaret Greenawalt Park at Locust Street and East Avenue. Other FY15 funded projects include \$60,000 for sidewalk handicapped ramps and \$100,000 for commercial rehabilitation projects which can possibly be used for City owned properties 43-53 West Washington and 170 West Washington, or in a partnership with a developer of a privately owned property depending on future discussions of the Mayor and Council. \$30,000 has been budgeted to fund the sidewalk cellar door component of the East Franklin Street Project.

On the Housing side we have included \$293,000 for our homeownership, emergency repairs, and senior citizen support programs. Depending on future discussions of Mayor and Council a portion of this money can be allocated to the HNPD Down payment and Settlement Program, which CDBG funded with \$24,500 in funding in the current year. \$151,863 is budgeted for next year to provide administrative support funding. Similar to last year our community committee has met to consider applications for CDBG Public Service agency funding and is presently finalizing its recommendations. At this point we have \$100,000 allocated for this purpose next year.

We continue to experience a significant decline in our annual grant entitlement revenue received through the Federal Community Development Block Grant Program as shown on Page 6 of Section 5. In FY11 we received grant funding of \$1,004,945. In the current fiscal year we received \$666,490 and we are projecting a further decrease to \$600,000 in FY15. Please note that recent information from HUD suggests our entitlement may grow to approximately \$640,000 which may result in some additional funding beyond what we have assumed in the Proposed Budget.

10. **Economic Redevelopment Fund:** On June 18, 2013 Mayor and Council approved a motion to create the Invest Hagerstown First-Third Grant Program with a funding level of \$1.2 Million. The purpose of this program is to enable significant redevelopment both city-wide and in the urban core, reusing and repurposing existing vacant and underutilized properties. The City Center Program provides grants from \$150,000 to \$250,000 for a 2:1 match from the developer. The City-wide Program provides grants from \$25,000 to \$50,000 with a 2:1 match from the developer. The \$1.2 Million in funding for this Program is from the General Fund Reserve and will be budgeted and pass through the Economic Redevelopment Fund as projects are approved.

In addition Mayor and Council on October 22, 2013 voted to authorize a residential component as part of the Invest Hagerstown Program. In separate motions Mayor and Council approved \$150,000 in funding from the General Fund Reserve to support a City-wide Down Payment/Rehabilitation Assistance and \$100,000 for the City Center Residency

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Initiative/Downpayment Assistance Program using funds from the General Fund Reserve. In addition \$50,000 is contemplated for enhancements to the rental subsidy portion of the City Center Residency Initiative. In FY15 we have included \$235,000 in funding from the General Fund Reserve to support the downtown and city-wide residential programs as reflected in the Economic Redevelopment Fund.

This fund also provides \$120,000 next year for our Partners in Economic Development Subsidized Rent Program and \$15,000 for Hagerstown's implementation of the Maryland Main Street Program. In addition \$100,000 in Downtown Streetscape Enhancements is budgeted to provide funding for the East Franklin Street Project recently authorized by Mayor and Council. \$150,000 in State of Maryland Community Legacy Grant funds are included in the Economic Redevelopment Fund to support our 43-53 West Washington (\$100,000) and 170 West Washington (\$50,000) downtown revitalization projects.

11. **Downtown Revitalization:** In addition to the downtown revitalization projects mentioned above in the Economic Redevelopment Fund discussion, the Mayor and Council voted on December 3, 2013 to approve a contract with Urban Partners to prepare an economic analysis and implementation plan for Hagerstown's Sustainable Community Plan. The FY15 Budget includes \$1,500,000 in General Fund supported bond financing in CIP 45-C0854 to support downtown revitalization projects that may result from the City's work with Urban Partners to identify and implement catalyst projects in the downtown. Urban Partners is scheduled to present their report to Mayor and Council in June 2014, sharing the consultant's market and economic analysis and project recommendations with the City. This funding will provide Mayor and Council financial resources to move forward in the coming fiscal year with the implementation of one or more catalyst projects based on future deliberations and possible decisions made after receiving the report from Urban Partners.
12. **Maryland Theatre Funding Support:** Another indication of the City's support for revitalizing downtown and consistent with the Mayor and Council's prior action, is the inclusion of \$260,000 in City funding support for the Maryland Theatre in the Agency Contribution portion of the General Fund appearing in Section 3 Page 54. We are projecting \$60,000 in City supported expenditures in FY14 followed by \$200,000 in FY15. The source of these expenditures is a transfer to the General Fund from the City's Property Management Fund using proceeds from the City's 2012 approved sale of the Army Reserve Building to Washington County.
13. **State of Maryland Highway User Revenue:** The State of Maryland has historically distributed Highway User Revenue to municipalities and counties across the state utilizing proceeds from the State's gasoline tax and other revenue sources. In FY09, prior to the recession and the subsequent State cutbacks in funding Hagerstown received \$1,899,839 in Highway User Revenue. This funding declined to \$161,387 in FY11 before returning to an amount slightly in excess of \$300,000 for Hagerstown in recent years. In FY14 and again in FY15 the General Assembly has approved one-time allocations, in our case \$722,882 this year and a projected \$748,955 next year. These one-time allocations are in addition to the base amount of \$319,664 we received this year and the \$330,957 we project for next year. This combination of base revenue and one-time allocation is projected to provide Hagerstown \$1,079,912 in State Highway User Revenue next year. All of this revenue is allocated to capital improvement projects next year including \$813,912 for Pavement Preservation in CIP #C0025, \$75,000 for Pavement Marking in CIP #C0093, \$26,000 for Accessibility Ramps in CIP #C0217, \$75,000 for Alley Improvements in CIP #C0458, and \$90,000 for CIP #C0373 Park Circle Improvements.
14. **Hotel Tax Revenue:** Our share of the County's distribution from the county-wide 6% hotel tax is projected to be \$165,000 this year and the same for FY2014/15 budget. In accordance with the eligible use language in the State Statute, we utilize this funding in the General Fund to support our community events and festivals.
15. **Police Vehicle Purchases:** The FY15 Budget includes \$250,000 in CIP 45-C0129 for the purchase of 6 new patrol vehicles. This purchase is funded through the appropriation of General Fund Balance due to the lack of current revenue sources on next year's operating budget.

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16. **Fire Ladder Truck Purchases:** We have included \$900,000 in FY15 and an additional \$950,000 in FY16 to fund the purchase of two replacement ladder trucks for the Fire Department. This appears in CIP 45-C0010 and assumes that both of these purchases will be funded through a General Fund Bond issue along with \$150,000 in contributions each from two volunteer companies supporting the purchase of the ladder trucks.
17. **Public Works Vehicle Purchases:** \$301,000 is included in the FY15 Proposed Budget for the purchase of 2 dump trucks for Public Works (\$230,000) along with the acquisition of an additional truck (\$60,000) and other smaller equipment purchases. These expenditures are proposed to be funded with \$250,000 from General Fund Bond Financing and \$51,000 from the General Fund Balance.
18. **Broadfording Road Reconstruction and Widening:** CIP 45-C0831 includes funding for this road improvement project between Salem Avenue and Hollyhock Drive. To promote economic development on the adjacent commercial property the City has undertaken this project, which is anticipated to begin in FY14 and be completed in FY15 for an estimated cost of \$1,776,149. The FY15 Budget includes \$1,055,677 for the remaining portion to be completed next year. Funding from the County and developers of the adjacent property has provided the funding for these road improvements. The Memorandum of Understanding involving the City, County, and private property owners and developers for the project was approved by Mayor and Council in June, 2012 along with the construction contract.
19. **Major Signal Intersection Upgrades:** As reflected in CIP 45-C0243 the FY15 Proposed Budget includes a number of pedestrian lights and intersection improvements at Antietam & Cannon and Antietam & Walnut using \$100,000 in General Fund supported bond financing. In addition we are anticipating \$375,000 in State Grant Funding from Maryland's Safe Routes to School program for signal upgrades.
20. **State Highway Retrofit Sidewalk Program:** In FY15 we are anticipating \$300,000 to install and improve sidewalks along Route 11 from East of Sherman Avenue to Wesel Boulevard as reflected in CIP 45-C0527.
21. **Storm Water Management Implementation:** To address Environmental Protection Agency and Maryland Department of the Environment mandates to reduce pollutants discharged into State waterways and the Chesapeake Bay, the City has established CIP 45-C0637. In FY15 the City is anticipating using \$200,000 in General Fund supported bond financing and \$500,000 in State grant funding to begin implementing Best Management Practices to improve storm water quality. These Federal and State storm water mandates will pose a major financial challenge to the City as previously presented to Mayor and Council during your Work Session on October 1, 2013.
22. **Pavement Preservation Program:** CIP 45-C0025 sets forth our Pavement Preservation Program for FY15 and future years. As presented to Mayor and Council during your November 5, 2013 Work Session we have developed a pavement condition analysis program to help us develop a more comprehensive plan for completing street overlays, crack-sealing, slurry-sealing, pavement milling, and markings. In FY15 we are anticipating the use of \$88,000 in CIP Fund Balance and \$813,912 in State Highway User Revenue to complete a total of \$901,912 in pavement preservation projects.
23. **MELP Project:** CIP45-C0839 outlines the Mayor and Council's plans to acquire and demolish the former Municipal Electric Light Plant (MELP), which is currently owned by Partners Marketing LLP. The MELP as not been operated in over 20 years and has seriously deteriorated becoming a blighting property for the community. During 2013, the Mayor and Council approved moving forward with eminent domain should the City and property owner be unable to successfully negotiate the acquisition of the property by the City. This CIP reflects a project budget of \$3,100,000 to complete acquisition, demolition, and environmental remediation using \$2,235,000 in General Fund bond financing along with \$865,000 from the CIP Fund Balance and Property Management Fund.

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24. **Electric Fund Capital Projects:** A total of \$564,000 in capital projects to be funded by the Electric Fund in FY15 are presented in Section 9. These include CIP 50-C0090 which provides \$150,000 for the purchase of a replacement for Bucket Truck #135. In addition CIP 50-C0542 includes \$150,000 to replace the center section of the roof of the HLD building on East Baltimore Street.
25. **Water Fund Capital Projects:** We continue to devote considerable work and funding to the completion of capital upgrades and infrastructure repairs in our water system. For FY15 we have a total of \$5,182,900 in projects appearing in Section 9. These CIP projects include \$1,165,000 for our meter replacement program; \$400,000 for main replacements in our distribution system; \$500,000 for Willson Transmission Mains; \$300,000 for Breichner Water Plant Improvements; \$1,500,000 for Willson Plant Improvements Phase IV; \$525,000 for SCADA System Improvements; \$357,900 for Vehicle Purchases; and \$150,000 for Improvements to the Edgemont Reservoir. Funding sources for these projects include \$1,485,000 in Water Fund Bond Financing, \$2,650,000 in State of Maryland MDE Loans, and \$1,047,900 from Water Fund Operating Revenues.
26. **Wastewater Fund Capital Projects:** Section 9 also includes a listing of the capital improvement program expenditures planned for FY15 to support our Wastewater System. These projects total \$2,983,000 for the coming year and include \$400,000 for Collection System Rehabilitation Projects; \$1,050,000 for Solids Processing-Pelletizer and Treatment Plant Improvements; \$307,000 for Wastewater Vehicle Replacement Purchases; and \$218,000 for Pump Station Improvements. In addition there is \$150,000 for Treatment Plant Equipment; \$112,000 for our Grinder Pump Replacement Program; \$300,000 for City-wide Collection System Rehabilitation; and \$100,000 for Wastewater Buildings and Structures. Funding sources include \$1,737,000 in Wastewater Fund Bond Financing, \$300,000 from the State MDE Grant Program, and \$946,000 from Wastewater Fund Operating Revenues.
27. **Parking System Capital Improvements/Construction of Third Deck:** \$80,000 is included in the FY15 Parking Fund CIP as summarized in Section 9. This funding includes \$30,000 for improvements to the University District Parking Deck, \$30,000 for Parking Lot Improvements, and \$20,000 for the purchase of vehicles. As presented in the Proposed Budget Parking Fund capital expenditures increase dramatically to \$1,685,000 in FY16 and \$8,510,000 in FY17 based on the preliminary discussions regarding the construction of a third parking deck downtown. This project is detailed in CIP 56-C0173 and includes planning, design, and acquisition costs in FY16 and construction in FY17 for a total project cost of \$10,000,000. This preliminary cost estimate is based on the construction of a 490 space deck for the first block of West Antietam Street. The CIP assumes \$10,000,000 in Parking Fund Bond Financing to pay for the project with an annual debt service payment of \$594,000 for a 30 year term bond. Annual operating costs are projected to range from \$145,000-\$150,000. The Mayor and Council have held some initial discussions of this project that were preliminary in nature. This project will receive more consideration in the coming fiscal year.
28. **Parking Fees & Service Charges:** With an eye toward strengthening Parking Fund revenues to support the construction of a third deck, the FY15 Budget includes a number of increases in fees. For parking deck permits, the monthly fee is proposed to increase from \$60 to \$62 next year. Also at the decks, the budget includes an increase in fees from \$1 to \$2 for vehicles exiting between 4 PM and 6 AM weeknights and Saturdays. The current \$1 exiting fee on Sunday is proposed to be eliminated to offer free parking in the decks on Sunday. In addition the monthly permit fees for the Central Lot, Church Street Lot, Market Lot, and Rochester Lot are proposed to increase to \$48 per month from the current \$46. These fee increases will need to be discussed in relation to the consideration of the third deck.
29. **Union Collective Bargaining Agreements:** The City operates with four employee unions. On November 12, 2013 Mayor and Council approved a three year contract with IBEW to provide their members a 4% COLA effective November 4, 2013. For our police officers, Mayor and Council approved an AFSCME 3373 Collective Bargaining Agreement on March 25, 2014 that will remain in effect through June 30, 2016. This agreement provides a 1% COLA effective January 1, 2014

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plus one pay step increase on July 1, 2014. In addition this contract provides police officers a one-time gross payment of \$1,000 in the current fiscal year and a second pay step increase on July 1, 2015. For AFSCME 1540 employees, the Mayor and Council approved a three year contract on July 23, 2013 that will be in effect through June 30, 2016. This contract provided these employees a 2% COLA effective August 1, 2013 and restored step increases for employees at years one and two on their pay scale. A wage and benefit reopener for years two and three is included in this contract. On December 17, 2013 Mayor and Council approved a six month contract extension with the International Association of Firefighters Local 1605. In summary, this means we have contracts in place for IBEW and for our police officers (AFSCME 3373) that set forth employee pay in FY15 and FY16. We have the AFSCME 1540 wage reopener for the next two fiscal years under the terms of the three year contract approved last year and the IAFF contract remains open for our firefighters.

30. **Safe Speed for Students Program:** Hagerstown first began to place speed enforcement cameras in school districts beginning in April, 2012. For FY13 we received \$1,560,000 in revenue less estimate for uncollectible amounts. We are estimating \$1,700,000 in revenue this year and \$1,800,000 for the coming year. Direct operating expenditures for this program are approximately \$850,000 in FY2014/15 proposed budget and are applied toward the above revenue amounts. The remaining net revenue from this program is allocated to our public safety operations where it supports our Police and Fire Departments which have combined total operating budgets of \$20,934,020 projected for the coming year.
31. **Refuse Service Fee:** There is no proposed change in the City's Refuse Service Fee which remains at \$156 per year for residential customers and \$200 per year for commercial service.
32. **Parks and Recreation Facility Projects:** Our commitment to our parks system and recreation facilities continues in this budget proposal. There is \$125,000 included in CIP 45-C0773 for the development of Kiwanis Park along the Antietam Creek. Funding for this project comes from the General Fund Balance (\$27,500) State Grants (\$75,000) and Maryland Program Open Space Grant funding (\$22,500). There is also \$150,000 in funding for improvements to Potterfield Pool next year supported by \$87,000 from Excise Tax revenue and \$63,000 from a Maryland Program Open Space Grant. In addition we have included \$25,000 for the Staley Park Pavilion Project (CIP 45-C0387) \$25,000 for Mansion House Improvements (CIP 45-C0336) and \$80,000 for the development of an additional neighborhood park (CIP45-C0751). The FY15 Proposed Budget provides \$115,000 for Parks Vehicles and Equipment in CIP 45-C0570 for the purchase of 2 trucks and a tractor.
33. **General Fund Agency Contributions:** Proposed expenditures for this agency support appear in Section 3 page 54 and reflect a continuation level of funding from the General Fund.

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**COMBINED USES OF FUNDS  
FY2014/15 BUDGET BY FUND**

The Proposed FY14/15 Budget includes \$121,227,222 in expenditures for all of the City's funds. The City's largest operating fund, the General Fund is projected at \$40,062,224 for the coming year, a 5.6% increase over FY13/14. Our utility operations for next year include \$17,215,747 for the Water Fund, \$16,234,117 for Wastewater, and \$24,762,523 in Electric. The City's General Capital Improvement Fund for next year is proposed at \$9,117,028. Our Parking Fund's Budget is \$875,269 and the Community Development Block Grant Fund totals \$869,863. These represent Hagerstown's major operating and capital funds. Other Special Revenue funds totaling \$1,085,664 along with Service and Trust Funds totaling \$9,378,082 are also included for next year. Details on the expenditure and revenue assumptions for each Fund, along with program information, is set forth in their individual budgets, which appear throughout the Proposed Budget.

**2014/2015 BUDGET BY FUND**

	<b>Revised Budget 2013/2014</b>	<b>Proposed Budget 2014/2015</b>	<b>Increase / (Decrease)</b>	<b>Percent Change</b>
General Fund	\$ 37,937,363	\$ 40,062,224	\$ 2,124,861	5.6%
Community Dev. Block Grant Fund	1,147,491	869,863	(277,628)	-24.2%
Other Special Revenue Funds	2,203,712	1,085,664	(1,118,048)	-50.7%
General/Capital Improvement Projects	15,781,931	9,117,028	(6,664,903)	-42.2%
Total Government-type Funds	<u>57,070,497</u>	<u>51,134,779</u>	<u>(5,935,718)</u>	<u>-10.4%</u>
Electric Fund	24,193,953	24,762,523	568,570	2.4%
Water Fund	25,022,813	17,215,747	(7,807,066)	-31.2%
Wastewater Fund	15,340,391	16,234,117	893,726	5.8%
Parking Fund	2,208,954	875,269	(1,333,685)	-60.4%
Golf Fund	459,939	468,300	8,361	1.8%
Property Management Fund	698,029	1,158,405	460,376	66.0%
Total Enterprise-type Funds	<u>67,924,079</u>	<u>60,714,361</u>	<u>(7,209,718)</u>	<u>-10.6%</u>
Service & Trust Funds	<u>8,896,124</u>	<u>9,378,082</u>	<u>481,958</u>	<u>5.4%</u>
<b>Total Combined Uses of Funds</b>	<b><u>\$ 133,890,700</u></b>	<b><u>\$ 121,227,222</u></b>	<b><u>\$ (12,663,478)</u></b>	<b><u>-9.5%</u></b>

**SOURCES OF FY14/15 GENERAL FUND REVENUE**

The Proposed General Fund revenue of \$40,062,873 for FY14/15 represents a 5.7% increase from the FY2013/14. The primary causes for this increase in General Fund revenue are \$1,477,104 in Property Tax Revenue with a tax rate increase and \$823,500 in Appropriated Use of Fund Balance for the Invest Hagerstown program commitment and proposed use of funds for one-time purchases in the General Capital Improvement Project Fund.

The following table illustrates the change in the sources of General Fund Revenues from Revised Budget FY13/14 to Proposed Budget FY14/15.

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***Sources of General Fund Revenue Growth***

<b>FY 14/15 General Fund Budgeted Revenues</b>	<b>\$ 40,062,873</b>	
<b>FY 13/14 General Fund Budgeted Revenues</b>	<b>\$ 37,889,584</b>	
<b>Revenue Growth (Decrease)</b>	<b>2,173,289</b>	<b>5.7% Increase</b>

<b>Sources</b>	
Property Tax Revenue	1,477,104
State & County Shared Taxes	8,000
Licenses & Permits	42,700
Intergovernmental Revenues	(35,601)
Service Charges	(70,180)
Fine & Forfeitures	246,381
Unallocated Revenues	(38,365)
Transfers From Other Funds	(280,250)
Appropriated Use of Fund Balance	823,500
<b>Total</b>	<b>\$ 2,173,289</b>

**EXPENDITURES OF FY14/15 GENERAL FUND RESOURCES**

The Proposed General Fund Budget for expenditures in FY14/15 totals \$40,062,224 representing a 5.6% increase in expenditures from the revised FY13/14 Budget of \$37,937,363. The following table illustrates the changes in the use of General Fund resources by category of expenditure from FY13/14 to FY14/15. The total General Fund expenditure increase is primarily a result of the following: COLAs and salary enhancements for employees, rising employer paid benefits costs for health insurance, dental insurance, workers compensation, and pension contributions; increase amount for contracted vendor associated with the Safe Speeds for Schools Program; and change in other expenditures to reflect rising maintenance contracts and commitment to the Maryland Theatre to support its capital improvements.

***Uses of General Fund Revenue Growth***

<b>FY 14/15 General Fund Budgeted Expenditures</b>	<b>\$ 40,062,224</b>	
<b>FY 13/14 General Fund Budgeted Expenditures</b>	<b>37,937,363</b>	
<b>Expenditure Growth (Decrease)</b>	<b>2,124,861</b>	<b>5.6% Increase</b>

<b>Uses</b>	
Wage & Benefits	1,574,313
Wage & Overhead Allocations	(67,334)
Contracted Services	169,996
Materials & Supplies	(55,055)
Insurance	32,714
Capital Expenditures	(433,588)
Debt Service	(182,426)
Transfers To Other Funds	(167,241)
Other Expenditures	429,982
Fund Balance Transfer	823,500
<b>Total</b>	<b>\$ 2,124,861</b>

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**ALLOCATION OF FY14/15 GENERAL FUND EXPENDITURES BY FUNCTION**

The following table illustrates the allocation of General Fund expenditures by function and helps to show the alignment of our resources with priorities for our community and operations:

	<u>Allocation</u>	<u>Percent</u>
Public Safety		
Police	\$ 12,655,042	31.6%
Fire	6,675,081	16.7%
Engineering, Parks & Recreation	3,157,741	7.9%
Street, Alleys & Signal	3,179,152	7.9%
Community & Economic Development	3,242,853	8.1%
Debt Service	1,999,000	5.0%
Waste Collection & Disposal	2,014,777	5.0%
Retiree Benefits	1,308,542	3.3%
Technology & Support Services	1,262,561	3.2%
CIP Appropriations	215,200	0.5%
Unallocated Expenses/Transfers *	900,000	2.2%
Finance	676,695	1.7%
Human Resources	583,388	1.5%
City Hall	122,079	0.3%
Legal Counsel	240,000	0.6%
Contributions to Other Agencies	473,490	1.2%
City Administrator	215,152	0.5%
Mayor & Council	165,420	0.4%
City Clerk	152,551	0.4%
Fund Balance Transfers	823,500	2.1%
<b>Total</b>	<b>\$ 40,062,224</b>	<b>100.0%</b>

\* Includes Operating Transfers, Contingency, Inventory Adjustments, and Termination Pay

**PROPERTY TAX**

**REAL PROPERTY TAX RATE  
PER \$100 OF ASSESSED VALUE  
30 YEAR COMPARISON CHART**

	<u>1984/1985</u>	<u>2014/2015</u>		
	<u>Rate *</u>	<u>Rate</u>	<u>Change \$</u>	<u>Change %</u>
City	\$ 0.656	\$ 0.898	\$ 0.242	36.9%
County *	0.695	0.823	0.128	18.4%
State*	0.084	0.112	0.028	33.3%

\* Assumes County rate remains stable from current year and reflects the 0.125 cent rate reduction for County residents living in the City due to tax differential that began in FY 2010/11. Prior to FY 2010/11, the tax differential was given to the City in the form of a tax rebate. The FY 1984/85 County rate has been lowered by the 0.125 rate reduction for comparability purposes.

As mentioned earlier in the message, the real estate tax rate is proposed to increase from FY 2013/14 at \$0.788 per \$100 of assessed value to \$0.898 per \$100 of assessed value in FY 2014/15. The table above compares City, County, and State tax rates over a thirty year period.

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**GENERAL FUND CAPITAL INVESTMENT**

The following table summarizes our history of General Fund capital investment since FY1998/99.

<u>Fiscal Year</u>	<u>Capital Outlay</u>	<u>Appropriation To CIP Fund</u>	<u>Total</u>
1998/1999	\$ 84,894	\$ 428,001	\$ 512,895
1999/2000	371,221	1,146,484	1,517,705
2000/2001	117,839	754,070	871,909
2001/2002	112,988	597,301	710,289
2002/2003	211,417	888,160	1,099,577
2003/2004	187,480	614,800	802,280
2004/2005	202,262	1,061,767	1,264,029
2005/2006	161,135	1,090,294	1,251,429
2006/2007	186,154	985,262	1,171,416
2007/2008	201,312	1,267,000	1,468,312
2008/2009	164,018	1,179,314	1,343,332
2009/2010	45,781	397,563	443,344
2010/2011	69,225	666,506	735,731
2011/2012	658,297	336,952	995,249
2012/2013	88,123	1,102,759	1,190,882
<b>Estimated Actual:</b>			
2013/2014	129,905	687,868	817,773
<b>Proposed Budget:</b>			
2014/2015	168,985	215,200	384,185
2015/2016	184,985	2,015,000	2,199,985
2016/2017	199,985	1,570,000	1,769,985
2017/2018	214,985	1,357,000	1,571,985
2018/2019	200,000	1,934,000	2,134,000

Although we expect that we will encounter financial challenges over the next several years, we will attempt to be prudent in maintaining adequate levels of capital projects funding so that the City's assets and infrastructure are replaced and maintained for our citizens' safety and recreational needs.

\*The proposed budget for FY 2014/15 above includes \$588,500 to be funded with General Fund Balance reserves versus FY 2014/15 operational income.

**BONDED DEBT OUTSTANDING**

In current FY2013/14, we completed a bond issue that totals \$1,726,155 for various General Fund (\$428,427), Parking Fund (\$100,000), and Wastewater Fund (\$1,125,000) projects. The costs of issuance were \$72,728 which was originally anticipated to be a FY2012/13 issue. In addition, the FY2013/14 projections include another bond issue that totals \$4,240,580 as included in the approved FY2013/14 budget book for various projects in the General Fund (\$1,082,980), Water Fund (\$2,440,600), Wastewater Fund (\$717,000). Last, the FY2013/14 projections include reimbursement draws on the MDE bond issue for the RC Willson Plant Improvement project.

In FY2014/15 proposed budget, we have included a general fund supported bond issue that totals \$6,332,000 to General Fund (\$3,110,000), Water Fund (\$1,485,000), and Wastewater Fund (\$1,737,000). Also included in FY2014/15 proposals is a new MDE issued debt for the Water Fund in the amount of \$2,650,000. These proposed capital expenditures are described in detail in the Capital Improvement Program (Section 9) and in the Enterprise Funds (Section 4).

CITY ADMINISTRATOR'S BUDGET MESSAGE  
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The following table illustrates the balance of bonded debt outstanding at the end of each fiscal year over a twelve (12) year period since FY2003/04. It is separated into tax supported general bonded debt and self-supporting enterprise fund debt for the City's Electric, Water, Wastewater, Parking, and Property Management funds.

<b>Fiscal Year</b>	<b>Total Bonded Debt</b>	<b>General Tax Supported</b>	<b>Self- Supporting Enterprise</b>
2003/2004	\$ 28,429,079	\$ 7,741,852	\$ 20,687,227
2004/2005	31,011,741	11,642,712	19,369,029
2005/2006	31,842,647	9,836,534	22,006,113
2006/2007	40,078,392	16,120,194	23,958,198
2007/2008	39,691,668	14,835,434	24,856,234
2008/2009	39,336,794	13,342,801	25,993,993
2009/2010	62,314,151	20,457,426	41,856,725
2010/2011	63,755,733	18,695,138	45,060,595
2011/2012	66,363,883	17,459,565	48,904,318
2012/2013	62,885,398	16,013,064	46,872,334
2013/2014 Estimated Actual	73,785,321	16,242,863	57,542,458
2014/2015 Proposed Budget	78,255,991	18,027,676	60,228,315
<b>12 Year Increase in Outstanding Debt</b>	<b>\$ 49,826,912</b>	<b>\$ 10,285,824</b>	<b>\$ 39,541,088</b>

Finally, we may experience both direct and indirect impacts from federal spending cut and continued uncertainty for Municipal Bond Market. There are still discussions on the tax exempt status of municipal bonds and how changes to that status may increase our bond market interest rates and our cost of issuance with those bonds. As part of the national stimulus package, the City issued taxable Build America Bonds as part of its 2009 issuance. With this issue, the federal government was reimbursing 35% of our total interest paid. A reduction or total elimination of this interest reimbursement is still possible. For this reason, the FY2014/15 proposed budget does not include any interest reimbursement. The chart below is a quick glance of the financial impact annually across all City funds.

<b>Funds</b>	<b>Total Interest Paid by City</b>	<b>Government Reimbursed Interest</b>	<b>Net Interest Expense/Cost</b>
General Fund	\$ 278,716	\$ (97,551)	\$ 181,166
Water Fund	175,935	(61,577)	114,358
Wastewater Fund	131,759	(46,116)	85,643
Parking Fund	4,968	(1,739)	3,229
<b>Total City-wide impact</b>	<b>\$ 591,378</b>	<b>\$ (206,982)</b>	<b>\$ 384,395</b>

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**DEBT LEVELS AND AFFORDABILITY**

Neither State law nor the City's Charter places a limitation upon the amount of general obligation debt the City may incur. However, the City has strictly adhered to a debt policy which is included as part of the fiscal policies section of this document to ensure it prudently and responsibly manages its debt. While the City issues general obligation bonds for its utilities to lower interest costs, this debt is considered self-supporting from utility user charges. Only non-utility general obligation financing bonds are considered to be tax supported.

As the table below demonstrates, the City's debt as currently proposed is below the limits established in the City's debt policy.

**TAX SUPPORTED GENERAL OBLIGATION DEBT RATIOS**

<u>Fiscal Year</u>	<u>Percent of Assessed Value</u>	<u>Debt Per Capita</u>	<u>General Fund Debt Service as % of General Fund Operating Revenue</u>
2003/2004	0.50%	\$ 206	3.60%
2004/2005	0.71%	310	3.70%
2005/2006	0.53%	257	4.77%
2006/2007	0.77%	413	4.73%
2007/2008	0.65%	371	5.42%
2008/2009	0.53%	333	5.16%
2009/2010	0.74%	511	5.25%
2010/2011	0.65%	467	6.41%
2011/2012	0.68%	440	6.80%
2012/2013	0.61%	404	5.31%
2013/2014 Estimated Actual	0.62%	406	5.03%
2014/2015 Proposed Budget	0.74%	450	5.09%
<b>City Debt Policy</b>	<b>10.00%</b>	<b>\$ 1,000</b>	<b>10.00%</b>

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**GENERAL FUND**

**REVENUES**

The sources of funds to support the proposed General Fund budget are as follows:

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Property Taxes	\$ 24,474,500	\$ 24,782,148	\$ 25,951,604	6.0%
State and County Shared Taxes	3,576,479	3,582,978	3,584,479	0.2%
Charges for Current Services	2,930,555	2,786,950	2,860,375	-2.4%
Interdepartmental Charges	2,107,000	2,031,000	2,031,000	-3.6%
Licenses & Permits	1,583,250	1,607,974	1,625,950	2.7%
Fines & Forfeitures	1,653,135	1,795,452	1,899,516	14.9%
Transfers from Other Funds	565,250	625,000	285,000	-49.6%
Contributions & Donations	107,426	112,744	111,452	3.7%
Interest Income	35,000	30,000	35,000	0.0%
Intergovernmental Revenues	539,980	478,874	504,379	-6.6%
Appropriated Use of Fund Balance	-	15,000	823,500	0.0%
Other General Revenues	317,009	356,712	350,618	10.6%
<b>Total Current Revenue</b>	<b>\$ 37,889,584</b>	<b>\$ 38,204,832</b>	<b>\$ 40,062,873</b>	<b>5.7%</b>

- Overall Property Tax revenue is estimated to decrease from FY 2013/14 to FY 2014/15 budget by \$1,477,104 as a result of a proposed property tax rate increase.
- The State and County Shared Taxes remain fairly constant with 0.2% or \$8,000 increase from the 2013/14 budget. The increase is a result of expected local income tax distribution growing.
- Overall Charges for Current Services are proposed to decline by 2.4% due to lower than anticipated Police Security Services, Fire Suppression Billings, and various departmental insurance reimbursements that do not recur on an annual basis.
- The 14.9% (\$246,381) increase in Fines and Forfeitures reflects trends in the Safe Speeds for Schools Program since it has been implemented. Since the program is relatively new, the City will continue to monitor and revise estimates based on experience and changing behaviors by drivers.
- Transfers from Other Funds reflects a reduction of \$280,250 because FY2014/15 proposed budget: excludes a Water Fund dividend (\$250,000); excludes funding from Workers Compensation Fund (\$250,000); includes funding from Property Management Fund (\$200,000) to cover the Maryland Theatre grant.
- The 6.6% (\$35,601) decrease in Intergovernmental Revenue is primarily due to declining federal reimbursement for two (COPS Hiring Grant) secured by Hagerstown Police Department. The grants are to cover a portion of officers salaries on a declining scale over a three year period.
- Appropriated Use of Fund Balance reflects a total request of \$823,500 to be utilized from prior years' General Fund balance. This request is to cover \$235,000 to Economic Redvelopment Fund for the Invest Hagerstown Program. Additionally, it represents a proposed one-time use toward the funding of several Capital Improvement Projects which are detailed in Section 9 of the budget book.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**COST BY FUNCTION**

The General Fund expenditures by City functions are shown as follows:

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Police	\$ 11,976,466	\$ 12,315,193	\$ 12,655,042	5.7%
Fire	6,407,400	6,499,420	6,675,081	4.2%
<b>Subtotal Public Safety</b>	<b>18,383,866</b>	<b>18,814,613</b>	<b>19,330,123</b>	<b>5.1%</b>
Engineering, Parks & Recreation	3,172,574	3,205,653	3,157,741	-0.5%
Street, Alleys & Signal	2,997,150	3,229,672	3,179,152	6.1%
Community & Economic Development	2,989,539	3,064,500	3,242,853	8.5%
Debt Service	2,181,426	1,922,394	1,999,000	-8.4%
Waste Collection & Disposal	2,038,031	1,959,132	2,014,777	-1.1%
Technology & Support Services	1,086,493	1,129,350	1,262,561	16.2%
Retiree Benefits	1,209,522	1,213,470	1,308,542	8.2%
CIP Appropriations	687,868	818,968	215,200	-68.7%
Finance	638,257	575,982	676,695	6.0%
Human Resources	487,691	487,566	583,388	19.6%
City Hall	278,255	120,877	122,079	-56.1%
Contributions to Other Agencies	273,490	335,490	473,490	73.1%
Legal Counsel	275,000	285,000	240,000	-12.7%
Unallocated Expenses/Transfers	702,241	414,544	900,000	28.2%
City Administrator	204,203	209,030	215,152	5.4%
Mayor & Council	183,031	179,493	165,420	-9.6%
City Clerk	148,727	148,092	152,551	2.6%
Fund Balance Transfers	-	15,000	823,500	0.0%
<b>Total General Fund</b>	<b>\$ 37,937,363</b>	<b>\$ 38,128,826</b>	<b>\$ 40,062,224</b>	<b>5.6%</b>

\* Includes Operating Transfers, Contingency, Inventory Adjustments, and Termination Pay

The General Fund expenditures by function reflect the following:

- The Police department proposed FY2014/15 budget reflects an increase of 5.7% and \$678,576. This increase is a result of three additional positions being added, salary enhancements, rising employer costs (insurance, pension, and workers comp), the funding of a total of seven sworn officers as part two federal COPS Hiring grants, increase in Police Academy training costs, and an increase in vendor fees associated with the Safe Speeds for Schools program.
- The Fire department proposed FY2014/15 budget reflects an increase of 4.2% and \$267,681. Primarily, this increase reflects salary enhancements, rising employer costs (insurance, pension, and workers comp), additional \$50,000 in overtime based on current trends, and bi-annual medical services related to physicals.
- The \$95,697 (19.6%) increase in Human Resources is due to centralizing all seminar, conferences and related travel for the General Fund. The total amount included in the FY2014/15 budget is \$50,000 for these type of expenditures. This departmental budget also includes centralizing and adding \$20,000 for tuition reimbursement for all City-wide staff. The remaining increase are related to salary enhancements and rising employer paid benefit costs for insurance and pension contributions.
- Contributions to Other Agencies reflects an expected increase of \$200,000 or 73.1%. This \$200,000 is the remaining commitment the City made to the Maryland Theatre toward its capital improvement projects. The total amount of funding from the City is \$260,000 over FY2013/14 and FY2014/15. This was not known at the time the FY2013/14 budget was prepared.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**EXPENDITURES BY TYPE**

The use of funds by General Fund expenditures can also be analyzed as follows:

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Base Wages	\$ 16,237,934	\$ 16,606,015	\$ 16,758,025	3.2%
Additional Wages	741,480	928,123	843,240	13.7%
Salary Contingency	400,000	-	429,019	7.3%
<b>Total Wages</b>	<b>17,379,414</b>	<b>17,534,138</b>	<b>18,030,284</b>	<b>3.7%</b>
Employee Benefits	8,125,506	8,018,395	9,048,949	11.4%
<b>Total Wages and Benefits</b>	<b>25,504,920</b>	<b>25,552,533</b>	<b>27,079,233</b>	<b>6.2%</b>
Contracted Services	4,183,259	4,328,940	4,353,255	4.1%
Materials, Supplies & Utilities	2,129,036	2,108,486	2,073,981	-2.6%
Debt Service	2,181,426	1,922,394	1,999,000	-8.4%
Vehicle Operating Expenses	858,032	907,954	914,448	6.6%
Maintenance & Repairs	647,389	657,163	733,819	13.4%
Unallocated General Expenses	613,590	675,490	808,490	31.8%
Other Expenses	545,524	547,795	734,250	34.6%
Transfers to Other Funds	367,241	404,544	200,000	-45.5%
Advertising & Printing	239,060	276,710	285,510	19.4%
Insurance	234,683	273,464	267,397	13.9%
Communication Expenses	278,723	177,561	181,957	-34.7%
Professional Development	161,495	129,082	113,872	-29.5%
Rentals	91,300	92,050	92,750	1.6%
Capital Expenditures	817,773	1,002,587	384,185	-53.0%
Wage & Overhead Allocations	(916,088)	(942,927)	(983,423)	7.4%
Fund Balance Transfer	-	15,000	823,500	0.0%
<b>Total All Expenditures</b>	<b>\$ 37,937,363</b>	<b>\$ 38,128,826</b>	<b>\$ 40,062,224</b>	<b>5.6%</b>

Compared with the previous year, the major General Fund expenditures in the proposed budget are as follows:

- The \$1,574,313 (6.2%) increase in Total Wages & Benefits reflects a COLA, a \$429,019 contingency for potential step increases and amounts for police officer union contract, a 8% increase in health insurance, a 3.5% increase in dental insurance, a \$400,000 increase in workers compensation, a 10.7% increase for Police & Fire pension contributions.
- The \$86,430 (13.4%) increase in Maintenance & Repairs reflects the rising costs anticipated with various maintenance contracts, especially computer and software maintenance costs.
- The \$182,426 (8.4%) decrease in Debt Service is due to timing delays for anticipated FY13 bond issue and the removal of a stadium or multi-use sports complex from the budget.
- The \$194,900 (31.8%) increase in Unallocated General Expense is a reflection of the support providing to the Maryland Theatre and includes \$200,000 in FY2014/15 budget.
- The \$167,241 (45.5%) decrease in Transfers to Other Funds reflects no funding to Economic Redevelopment Fund, putting a cap on transfers to the Golf Course of \$200,000, and reducing current transfers to CIP fund for capital expenditures by utilizing General Fund Balance to cover \$588,500 in FY2014/15 purchases.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**ENTERPRISE FUNDS**

**ELECTRIC FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 23,119,331	\$ 24,073,385	\$ 24,017,381	3.9%
Operating Expenses	23,289,691	23,784,913	23,758,356	2.0%
<b>Operating Income (Loss)</b>	<b>(170,360)</b>	<b>288,472</b>	<b>259,025</b>	<b>-252.0%</b>
Non-Operating Revenues (Expenses)	127,013	129,342	107,841	-15.1%
Capital Contributions & Grants	215,000	100,000	75,000	-65.1%
Transfers In (Out)	(24,250)	(24,250)	(29,000)	19.6%
<b>Operating Income (Loss)</b>	<b>147,403</b>	<b>493,564</b>	<b>412,866</b>	<b>180.1%</b>
Add Back Depreciation	920,000	870,000	905,000	-1.6%
Capital Outlay	(847,000)	(506,926)	(938,000)	10.7%
Repayment of Debt Principal	(22,525)	(22,525)	(23,234)	3.1%
Deduct Non-Cash Capital Contributions	(205,000)	(100,000)	(75,000)	-63.4%
<b>Net Surplus (Deficit)</b>	<b>\$ (7,122)</b>	<b>\$ 734,113</b>	<b>\$ 281,632</b>	<b>-4054.4%</b>

Compared with the previous year, the major revenue changes in the proposed budget are:

- No electric rate increases have been projected for FY2014/15. The proposed budget reflects the power supply contract extensions through May 31, 2017 with Allegheny Energy.
- Electric revenue shows an overall 3.9% increase as a result of the current customer base and adding late fees during the current fiscal year which were not included at the time of the FY2013/14 budget. Despite the increase in total operating revenues, the individual customer rates will be lower as a result of the purchased power expenses that the City pays to Allegheny Energy.

The major expenditure changes in the proposed budget are as follows:

- Purchased power costs are increasing from FY2013/14 budget by approximately \$540K as a result of our current retail customer base. However, the megawatt hour (MWh) charge will lower from \$54.33 per MWh to \$53.90 per MWh effective June 1, 2014, which is reflected by a reduction in expense when comparing FY2013/14 estimated actual to FY2014/15 proposed budget.
- Total personnel costs (salaries, overtime, and benefits) reflect a combined increase of 2.9% or \$85K which reflects provisions of the current IBEW union contract for salaries and rising employer costs for health insurance, dental insurance, and workers compensation.
- Depreciation expense reflects a decrease of 1.6% or \$15,000 due to lower than anticipated investments in new capital projects and assets that have reached the end of its useful life.
- Capital outlay totals are expected to increase by 10.7%. The Capital Improvement Program, Section 9, provides details on all the Electric Fund projects anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**WATER FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 10,980,921	\$ 11,115,200	\$ 11,238,355	2.3%
Operating Expenses	10,749,022	10,594,235	11,425,941	6.3%
<b>Operating Income (Loss)</b>	<b>231,899</b>	<b>520,965</b>	<b>(187,586)</b>	<b>-180.9%</b>
Non-Operating Revenues (Expenses)	(562,940)	(444,351)	(562,305)	-0.1%
Capital Contributions & Grants	2,600,000	2,250,000	850,000	-67.3%
Gain (Loss) on Fixed Asset Disposal	2,500	10,000	10,000	300.0%
Transfers In (Out)	(274,250)	(274,250)	(29,000)	-89.4%
<b>Operating Income (Loss)</b>	<b>1,997,209</b>	<b>2,062,364</b>	<b>81,109</b>	<b>-95.9%</b>
Add Back Depreciation	2,682,000	2,735,000	3,160,000	17.8%
Capital Outlay	(13,421,000)	(12,555,000)	(5,182,900)	-61.4%
Repayment of Debt Principal	(2,083,679)	(1,256,378)	(1,394,638)	-33.1%
Deduct Non-Cash Capital Contributions	(500,000)	(250,000)	(350,000)	-30.0%
Bond Proceeds	10,840,600	10,330,000	4,135,000	-61.9%
<b>Net Surplus (Deficit)</b>	<b>\$ (484,870)</b>	<b>\$ 1,065,986</b>	<b>\$ 448,571</b>	<b>-192.5%</b>

Compared with the previous year, the major revenue changes in the proposed budget are:

- Annual rate increases have been approved through FY 2014/15. The increase effective July 1, 2014 is an average of 2% for inside customers and 2% for outside customers. The increase is part of a multi-year plan to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions.
- The City is anticipating borrowing approximately \$4.1 million for various Water Fund projects. The majority (\$2.7M) of this borrowing is anticipated from MDE for the following projects: R.C. Willson Plant – Phase IV (\$1.4M), Breichner Water Treatment Plant Improvements (\$300,000), SCADA improvements (\$500,000), and Willson Transmission Mains (\$500,000). Another \$1.4M is included as City issued Bonds for Distribution Services (\$915,000), Distribution System Rehab (\$400,000), and R.C. Willson Treatment Plant (\$170,000).

The major expenditure changes in the proposed budget are as follows:

- The FY 2014/15 budget includes an increase of 2.5% or \$198,919 for operating expenses less depreciation. The increase is a result of proposed COLA's and salary enhancements for employees and rising employer costs for health and dental insurance, workers compensation, and pension contributions.
- Depreciation expense from FY2013/14 to proposed FY2014/15 budget includes an increase of 17.8%, \$478,000 as a result of recent capital improvement upgrades and investments.
- Capital outlay totals are expected to increase by 61.4%. The Capital Improvement Program, Section 9, provides details on all the Water Fund projects anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**WASTEWATER FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 10,768,864	\$ 10,773,141	\$ 12,016,265	11.6%
Operating Expenses	12,747,805	12,493,013	12,779,935	0.3%
<b>Operating Income (Loss)</b>	<b>(1,978,941)</b>	<b>(1,719,872)</b>	<b>(763,670)</b>	<b>-61.4%</b>
Non-Operating Revenues (Expenses)	(413,083)	(373,359)	(430,229)	4.2%
Capital Contributions & Grants	900,000	740,000	740,000	-17.8%
Transfers In (Out)	(24,250)	(24,250)	(29,000)	19.6%
<b>Operating Income (Loss)</b>	<b>(1,516,274)</b>	<b>(1,377,481)</b>	<b>(482,899)</b>	<b>-68.2%</b>
Add Back Depreciation	3,052,000	2,940,000	3,020,000	-1.0%
Capital Outlay	(2,139,500)	(1,627,500)	(2,983,000)	39.4%
Repayment of Debt Principal	(1,582,034)	(1,498,633)	(1,613,133)	2.0%
Deduct Non-Cash Capital Contributions	-	(100,000)	(100,000)	0.0%
Bond Proceeds	717,000	1,125,000	1,737,000	142.3%
<b>Net Surplus (Deficit)</b>	<b>\$ (1,468,808)</b>	<b>\$ (538,614)</b>	<b>\$ (422,032)</b>	<b>-71.3%</b>

Compared with the previous year, the major revenue changes in the proposed budget are:

- Annual rate increases have been approved through FY2014/15. The increase effective July 1, 2014 is 12% for FY2014/15; 4% for FY2015/16; 4% for FY2016/17; and 2% for FY2017/18 and FY2018/19. The increase is part of a multi-year plan to ensure the fund continues to be self-supporting and to meet the Wastewater revenue requirements.
- The City is anticipating borrowing \$1,737,000 for Wastewater Fund projects in FY2014/15. All of this borrowing is expected to be a City issued bond to cover various projects, which are outlined in detail in Wastewater charts beginning on page 35 of Section 9 Capital Improvement Program. This amount increased from current FY2013/14 budget by 142.3% or \$1,020,000 more in bond proceeds.

The major expenditure changes in the proposed budget are as follows:

- The FY2014/15 budget includes an increase of .07% or \$64,130 for operating expenses less depreciation. The increase is a result of proposed COLA's and salary enhancements for employees and rising employer costs for health and dental insurance, workers compensation, and pension contributions.
- Depreciation expense from FY2013/14 to proposed FY2014/15 budget includes a decrease of 1.0%, or \$32,000 because various projects were delayed as a result of timing for the current year bond issue. In future years, depreciation will climb as Wastewater invests in various capital projects throughout the City.
- Capital outlay totals are expected to increase by 39.4%. The Capital Improvement Program, Section 9, provides details on all the Wastewater Fund projects anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**PARKING FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 920,040	\$ 950,014	\$ 952,423	3.5%
Operating Expenses	670,019	677,343	733,642	9.5%
<b>Operating Income (Loss)</b>	<b>250,021</b>	<b>272,671</b>	<b>218,781</b>	<b>-12.5%</b>
Non-Operating Revenues (Expenses)	(76,678)	(62,830)	(59,370)	-22.6%
Capital Contributions	350,000	-	-	-100.0%
<b>Operating Income (Loss)</b>	<b>523,343</b>	<b>209,841</b>	<b>159,411</b>	<b>-69.5%</b>
Add Back Depreciation	246,000	236,453	267,166	8.6%
Capital Outlay	(1,460,000)	(330,000)	(80,000)	-94.5%
Repayment of Debt Principal	(173,738)	(143,338)	(155,138)	-10.7%
Bond Proceeds	500,000	100,000	-	-100.0%
<b>Net Surplus (Deficit)</b>	<b>\$ (364,395)</b>	<b>\$ 72,956</b>	<b>\$ 191,439</b>	<b>-152.5%</b>

Compared with the previous year, the major revenue changes in the proposed budget are:

- Annual rate increases have been approved from the current year budget FY2013/14 to FY 2014/15. The proposed new rates are as follows: deck rates at \$62/month or maximum \$8/day; lot rates at \$48/month; and after-hours deck rates to be \$2 after 4pm weekdays and Saturday. Sunday would become free parking in the decks. Total Operating Revenues reflect a 3.5% or \$32,383 increase from FY2013/14 budget. This increase includes an increase for Parking Deck revenues of \$8,200; a decrease from Parking Lot and Meters of \$36,983; and a decrease in Parking Enforcement of \$21,200. There are no changes anticipated for any of the current rates. The overall increase is a reflection of our current FY2013/14 trend.
- The City is not anticipating having any bond proceeds for the Parking Fund in FY2014/15. This amount is decreased from current FY2013/14 budget by 100.0% or \$500,000.

The major expenditure changes in the proposed budget are as follows:

- The FY2014/15 budget includes an increase of 10% or \$42,457 for operating expenses less depreciation. The increase reflects a 2% COLA received by all non-union staff in July and a 2% COLA received by AFSCME 1540 members in August of FY2013/14. The proposed budget also includes a COLA and longevity steps for all Parking Fund employees in FY2014/15.
- Depreciation expense from FY2013/14 to proposed FY2014/15 budget includes an increase of 8.6%, or \$21,166 as a result of new equipment investments and improvements made to an existing deck infrastructure.
- Capital outlay totals are expected to decrease by 94.5% due to the construction of the new parking deck being deferred until FY2015/16. The Capital Improvement Program, Section 9, provides details on all the Parking Fund projects anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**GOLF COURSE FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 189,452	\$ 185,570	\$ 186,300	-1.7%
Operating Expenses	419,939	442,919	406,300	-3.2%
<b>Operating Income (Loss)</b>	<b>(230,487)</b>	<b>(257,349)</b>	<b>(220,000)</b>	<b>-4.5%</b>
Non-Operating Revenues (Expenses)	50	-	-	-100.0%
Capital Contributions & Grants	-	-	20,000	0.0%
Transfers From General Fund	200,000	258,000	200,000	0.0%
<b>Operating Income (Loss)</b>	<b>(30,437)</b>	<b>651</b>	<b>-</b>	<b>-100.0%</b>
Add Back Depreciation	21,692	35,201	38,300	76.6%
Capital Outlay	(40,000)	(40,000)	(62,000)	55.0%
<b>Net Surplus (Deficit)</b>	<b>\$ (48,745)</b>	<b>\$ (4,148)</b>	<b>\$ (23,700)</b>	<b>-51.4%</b>

Compared with the previous year, the major revenue and expenditure changes in the proposed budget are as follows:

- Overall operating revenues are anticipated to decrease by 1.7% or \$3,152 for FY2014/15 budget. However, higher revenues are expected due to upgrades and increased advertising efforts. It is anticipated that revenue will increase annually from FY2015/16 through FY2018/19 by 5.3%, 1.7%, 6/7%, and 6.5% respectively.
- The FY2014/15 budget includes a decrease of 7.6% or \$30,247 for operating expenses less depreciation. The decrease is a result of transferring two full-time employees to the Parks and Recreation department during the winter months.
- Depreciation expense from FY2013/14 to proposed FY2014/15 budget includes an increase of 76.4%, or \$16,608 as a result of investment in capital infrastructure and renovation.
- Capital outlay totals are expected to increase by 55% or \$22,000 for vehicle and equipment replacement. The Capital Improvement Program, Section 9, provides detail on the Golf Fund project anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**PROPERTY MANAGEMENT FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
Operating Revenues	\$ 363,475	\$ 330,404	\$ 330,538	-9.1%
Operating Expenses	529,950	504,400	508,405	-4.1%
<b>Operating Income (Loss)</b>	<b>(166,475)</b>	<b>(173,996)</b>	<b>(177,867)</b>	<b>6.8%</b>
Non-Operating Revenues (Expenses)	3,500	(513,000)	-	-100.0%
Capital Contributions & Grants	38,079	176,554	-	-100.0%
Transfers to General Fund	-	(60,000)	(200,000)	0.0%
Transfers to Capital Improvement Fund	-	-	(365,000)	0.0%
Transfers From CDBG Fund	75,000	75,000	-	-100.0%
Transfers from Econ Redevelopment	57,000	45,000	22,000	-61.4%
<b>Operating Income (Loss)</b>	<b>7,104</b>	<b>(450,442)</b>	<b>(720,867)</b>	<b>-10247.3%</b>
Add Back Depreciation	145,000	140,000	140,000	-3.4%
Capital Outlay	(168,079)	(274,554)	(85,000)	-49.4%
Changes in Working Capital	-	513,000	-	0.0%
<b>Net Surplus (Deficit)</b>	<b>\$ (15,975)</b>	<b>\$ (71,996)</b>	<b>\$ (665,867)</b>	<b>4068.2%</b>

Compared with the previous year, the major revenue and expenditure changes in the proposed budget are as follows:

- Overall operating revenues are anticipated to decrease by 9.1% or \$32,937 from rental income. This decrease is a result of selling the building on Public Square in FY2013/14. Also, there is no revenue in the FY2014/15 budget for the vacant space at 60 W. Washington St. Suite 102.
- The FY2014/15 budget includes a decrease of 4.3% or \$16,545 from the FY2013/14 budget for operating expenses less depreciation. The decrease is a result of selling the building on Public Square which leads to less tenant revenue and less operational expenses associated with the maintenance.
- Depreciation expense from FY2013/14 to proposed FY2014/15 budget is estimated to decrease by 3.4% or \$5,000 due to timing and completion of improvements at 60 W. Washington Street and 36/40 North Potomac Street.
- Capital outlay totals are expected to decrease by 49.4% or \$83,079 as a result of the completion of major renovation projects at 36-40 North Potomac Street and 60 West Washington Street. The Capital Improvement Program, Section 9, provides details on the various Property Management Fund projects anticipated for FY2014/15.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**SPECIAL REVENUE FUNDS**

**COMMUNITY DEVELOPMENT BLOCK  
GRANT FUND**

	<b>Revised Budget 2013/14</b>	<b>Estimated Actual 2013/14</b>	<b>Proposed Budget 2014/15</b>	<b>Percent Change</b>
CDBG Grant Revenues	\$ 984,776	\$ 1,111,045	\$ 846,135	-14.1%
Program Income	\$ 201,545	\$ 201,545	\$ 185,476	-8.0%
Other Revenues	-	-	-	0.0%
<b>Total Revenues</b>	<b>1,186,321</b>	<b>1,312,590</b>	<b>1,031,611</b>	<b>-13.0%</b>
Commercial/Industrial Improvements	175,000	175,000	130,000	-25.7%
Clearance & Demolition	-	45,000	-	0.0%
Public Facilities & Improvements	250,000	274,000	140,000	-44.0%
Public Services	105,000	105,175	100,000	-4.8%
Housing	460,000	562,500	348,000	-24.3%
Administration	157,491	144,034	151,863	-3.6%
<b>Total Expenses</b>	<b>1,147,491</b>	<b>1,305,709</b>	<b>869,863</b>	<b>-24.2%</b>
<b>Net Change in Fund Balance</b>	<b>\$ 38,830</b>	<b>\$ 6,881</b>	<b>\$ 161,748</b>	<b>316.6%</b>

Compared with the previous year, the major revenue changes in the proposed budget are as follows:

- Total Revenues reflect an overall decrease of 13% or \$154,710 from FY 2013/14 budget. This decrease is primarily due to the federal entitlement revenue cuts. The FY 2014/15 Entitlement award is anticipated to be 10.0% less than the FY 2013/14 Entitlement. In addition, FY 2013/14 Grant Revenues included some entitlement revenue that was carried over from prior year's entitlement award.

Compared with the previous year, the major expenditure changes in the proposed budget are:

- There are no anticipated new acquisitions or demolitions included in our FY2014/15 proposed budget.
- Commercial/Industrial Improvements has decreased by 25.7% or \$45,000 as project renovations are completed at 36-40 North Potomac Street and 60 West Washington Street.
- Public services expenditures have decreased by \$5,000 or 4.8% as a result of the decline in the Entitlement revenue to stay within the cap.
- Total Housing expense reflects a decrease of 24.3% as a result of lower anticipated income.
- Overall Administration costs are lower by \$5,628 to stay within the maximum 20% cap by utilizing and allocating staff to other programs such as Neighborhoods First and Business Revolving Loan Fund for applicable time spent performing these activities.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

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**ECONOMIC REDEVELOPMENT FUND.** This fund was established to promote the revitalization of the City's downtown and older neighborhood areas. Currently the fund is being used to promote business and home ownership in the City Center. Revenues in this fund consist of interest revenue from investments and periodic transfers from the General Fund to assist in carrying out the strategic revitalization efforts such as building rehabilitation and/or acquisition activities. Expenditures consist of costs for administration, PEP Upper Floors Rent Assistance program, Downtown Residency Initiative, and potential future downtown property acquisitions for redevelopment purposes.

**BUSINESS REVOLVING LOAN FUND.** This fund is designed to assist in the recruitment, retention and expansion of businesses within the City. The Business Revolving Loan Fund was initially funded through a grant from the Maryland Department of Business and Economic Development and City Community Betterment Funds. This program provides financing for new and expanding businesses for working capital, equipment and rehabilitation. For FY2013/14, this fund was consolidated with the Upper Floors Redevelopment Fund, and will reflect an incoming transfer of \$50,000 for FY2014/15 budget. It is anticipated that that program income will allow \$125,000 in new loans to be made.

**UPPER FLOORS REDEVELOPMENT FUND.** This fund provided assistance to install elevators and other equipment necessary to make the upper floors of existing downtown buildings attractive for residential or business use. In FY2014/15, the fund balance of \$50,000 has been transferred to consolidate with the Business Revolving Loan Fund as noted above.

**FOREST CONSERVATION FUND.** This fund was created as part of the City's forest conservation program for development within the City of Hagerstown. In lieu of reforestation activities on a development site, developers have the option to pay into a special City forest conservation fund for offsite forestation activities. The proposed FY2014/15 budget does anticipate transferring \$40,000 to the CIP Fund for street trees and other forestation activities.

**EMPLOYEE FLEXIBLE SPENDING FUND.** This fund accounts for the City Employee Flexible Spending Account (FSA) Program. Funds are transferred into this fund on a pre-tax basis for employees participating in the FSA Program for reimbursed medical and dependent care costs. The City savings in social security and medicare cost from this pre-tax funding are used to pay for the program's administrative cost. For FY2014/15, there is no proposed transfer to the General Fund for employee activities.

**EXCISE TAX FUND.** This fund accounts for the City's share of the County Excise Taxes collected by the City. Excise Taxes may be used only for specific purposes and are tracked in order to comply with the purposes permitted. Permitted purposes include roads, new construction or development of parks and recreational facilities, new construction or development of water and wastewater infrastructure and new construction or development of public safety facilities. Funds of approximately \$162,000 are proposed to be transferred to the CIP Fund in FY2014/15 for assisting with various projects.

**SPECIAL REVENUE GRANT FUND.** The Special Revenue Grant Fund was established to account for operating grants from various federal, state, and local agencies. This fund allows grant revenues and expenditures to be tracked separately by grant projects. Local matches, if required, are shown as transfers in from other funds. Unspent grant funds are carried over from year-to-year until expended for their intended purpose. For FY2014/15, \$53,394 in grant revenues are expected to be received, requiring no transfer from the General Fund as local matching funds for the grants.

**SERVICE AND TRUST FUNDS**

In addition to the Enterprise and Governmental Funds, the City has established three internal service funds and one trust fund.

**WORKERS COMPENSATION FUND.** The fund was created in 1995 to help smooth potential large fluctuations in the City worker's compensation cost that might occur under a large deductible insurance program the City used from September 1, 1995 through 1998. Since September 1, 1998, the City has been using a traditional 100% coverage insurance program. The fund serves as a conduit to collect premium charges based on the payroll of each department. The actual medical claims, processing fees, and premium to the insurance carrier are then paid from this fund. The City continues to experience annual increases in the expected premium rates for its employees (especially police and fire) for FY2014/15. Current estimates are higher than the \$1.35M in our FY2014/15 budget. The City anticipates the premiums can be reduced to this amount with our discounts. There is no operating transfer to the General Fund in FY2014/15.

**HEALTH CARE FUND.** The fund was created in 2000 to manage the City's self-insurance program for health care. Under this self-funded plan, the City pays a standard monthly administrative fee for each covered member and accepts claim risk up to a specific stop loss for each individual covered. Plan changes may occur during collective bargaining negotiations for future periods. In addition, there is a second level of insurance called the aggregate stop loss which assures that the City does not pay more than the maximum projected expenses. For FY2014/15 City departments, employees and retirees are expected to pay \$7.3M in premium billings and other revenues which will be used to pay expected program costs of \$7.6M for claims, insurance and other administrative costs.

The Health Care Fund also includes continued funding for Other Post-Employment Benefits (OPEB) future liabilities. The FY2014/15 proposed budget reflects \$650,000 to continue funding the City's estimated Annual Required Contribution (ARC) that is needed to fund future liabilities associated with retiree health care benefits. The City has continued to fund its annual required contribution towards its OPEB liabilities.

**DENTAL CARE FUND.** The fund was created in 2006 to manage a self-insurance program for dental care. Under the self-funded plan, the City pays a standard monthly administrative fee for each covered member and process claims up to a \$2,000 limit for each individual covered. Plan changes may occur during collective bargaining negotiations for future periods. Administratively, all City departments are billed pre-established internal "insurance" rates for their department employees, retirees, and dependents. These billings represent the funding source for the Dental Care Fund from which all dental care related administrative and medical reimbursement costs are paid. The FY2014/15 proposed budget includes \$399,652 in expected claim and administrative costs.

**BLOOM-CARLILE TRUST FUND.** The Bloom-Carlile Trust fund was established to segregate funds received from the estates of S. Martin Bloom, Annie Fill Carlile and others from the general accounts of the City. The donors' intent was to establish a permanent endowment fund. The income earned on investment of the fund is being used to provide assistance to the poor and needy of Hagerstown. For FY2014/15, the City will follow the guidelines originally established for the trust to fund the program administered by the Washington County Community Action Council (CAC) by pledging the earning interest only. The proposed Bloom-Carlile Fund budget for fiscal year 2014/15 includes interest revenues of \$501

The Washington County Community Action Council has been administering disbursement of these funds on a no-cost basis for the City since 1983. All funds are disbursed based on an agreed upon operating policy and are reviewed by the Clerk's Office for compliance with the program guidelines.

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

**THE BUDGET SCHEDULE**

The following is a schedule of Mayor and Council meeting dates and topics related to our finances, which does not include the numerous times we have discussed employee pay and collective bargaining contracts and also the MELP Project. These meetings began in August 2013 following Mayor and Council adoption of the current fiscal year budget toward the end of last May.

August 20, 2013	Agency Contributions
September 10, 2013	Long-term Budget Strategy
September 24, 2013	Budget Work Session (prior to regular meeting): Stormwater Management Fee; Fire Service Tax; and Red Light Cameras
October 1, 2013	Healthcare update Stormwater Management Retrofit Study
October 8, 2013	Budget Work Session: Utility Dividend Transfers; Parking System User Fees; and Utility Tax Rate
October 15, 2013	Water/Wastewater Rate Study Update
November 5, 2013	Pavement Preservation
November 12, 2013	Budget Work Session: Safe Speed for Students; and Bond Financing and Debt Service Preliminary FY13 General Fund Review
December 3, 2013	Enterprise Fund Dividend Policy
December 17, 2013	Budget Work Session (prior to regular meeting): Third Parking Deck; Downtown Project Funding; Two Ladder Trucks; Use of Funding from Sale of Army Reserve Center; Use of FY13 General Fund Surplus; and CDBG Budget Information Update
January 7, 2014	General Obligation Bond: Meeting with City Financial Advisor Water and Wastewater Rate 5 Year Rate Plan: Meeting with Rate Consultants
January 14, 2014	Police and Fire Retirement Plan: Meeting with CBIZ and PNC
February 11, 2014	Presentation of FY13 Consolidated Annual Financial Report: Meeting with Auditors Recommendations for Health Care Changes for July 1, 2014

CITY ADMINISTRATOR'S BUDGET MESSAGE  
FISCAL YEAR 2014/15

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The Municipal Charter of Hagerstown requires the City Administrator to submit a budget to the Mayor and Council at least 90 days before the beginning of the fiscal year. The Charter states that the "budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures." The Charter also states that the budget shall be adopted no later than June 1<sup>st</sup> of each year.

The budget schedule for this year is as follows:

November 1 - December 31, 2013	Review of Department CIP requests with Department Managers
November 26, 2013	First Public Hearing on Community Development funding needs
January 6 - January 31, 2014	Department budget requests and start of review meetings between Department Managers and Budget Committee
February 3, 2014	Began prioritizing department requests and developing City Administrator adjustments
February 24, 2014	Began balancing and adjustment process by discussing proposed adjustments, obtaining further input and agreement on adjustments with departments
March 31, 2014	City Administrator's Proposed Budget submitted to Mayor and City Council
April 1 – May 27, 2014	Mayor and City Council review of Proposed Budget and Capital Improvement Program
May 13, 2014	Public Hearing on Budget and Capital Improvement Program; property tax rates; and second public hearing on Community Development funding needs
May 20, 2014	Introduction of Ordinances
May 27, 2014	Adoption of budgets and CIP for all funds; set tax rate

**DISTINGUISHED BUDGET PRESENTATION AWARD**

This was the tenth consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Hagerstown, Maryland for its annual budget for the fiscal year beginning July 1, 2013. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe this proposed budget continues to conform to program requirements, and we will be submitting it to GFOA to determine its eligibility for another award.

## ACKNOWLEDGEMENTS

This budget reflects the efforts of a dedicated group of Department Managers and staff. They have contributed creativity, initiative, and many hours toward the programs and projects proposed in this budget. I am appreciative of their efforts.

Preparation of the budget always draws heavily on City staff throughout the organization. I wish to especially acknowledge Michelle Hepburn and Rana Rose for guiding the budget preparation process. Kristine Cline assisted in researching and preparing the budget. They deserve much credit for the many hours they spent in coordinating and preparing this document. Nelia Tidler assisted in the preparation of utility revenue projections as well as reviewing and analyzing all of the utility fund budgets. Human Resources staff provided oversight on personnel and fringe benefit budget issues. Credit should be given to Dani Frye for assisting with preparation of the budget message. The entire Finance staff deserves special acknowledgment for the extra hours they worked in assisting with and coordinating the production of this year's budget. These contributions have resulted in this comprehensive presentation of next year's budget.

The staff and I look forward to reviewing this budget with you.

Respectfully submitted,



Bruce Zimmerman  
City Administrator

# Organizational Structure

## City of Hagerstown Elected Officials



Mayor  
David S.  
Gysberts



Councilmember  
Kristin B.  
Aleshire



Councilmember  
Martin E.  
Brubaker



Councilmember  
Lewis C.  
Metzner



Councilmember  
Donald F.  
Munson

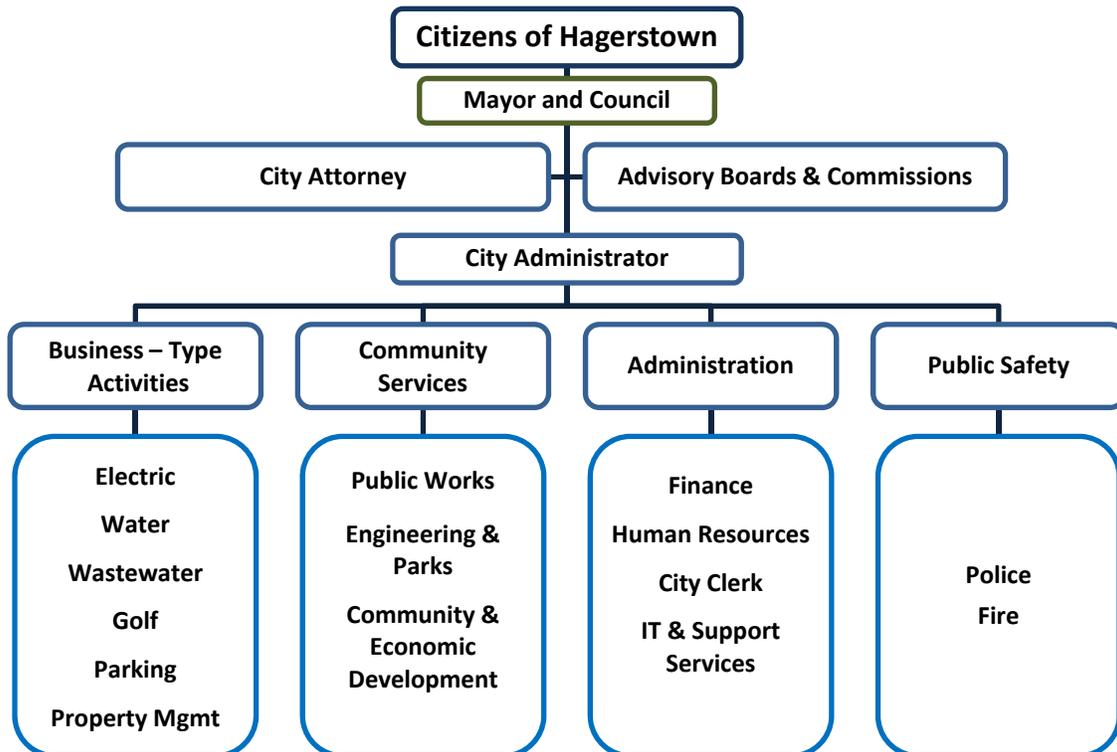


Councilmember  
Penny M.  
Nigh

## City of Hagerstown Structure



Bruce J. Zimmerman, City Administrator



## SECTION 1 – STRATEGIC PLAN

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Through a mix of financial management policies, land use, and forecasting, the City will ensure stability by maximizing its current use of resources. To assist the City, a five year forecast of the City's General and Enterprise Funds is included in the City's budget document to show them the financial impact of their decisions. The Mayor and City Council began working on a new Strategic Plan in FY10 and formally adopted that Plan in September, 2010. In October 2013, Mayor and Council revised the Vision and Mission Statements included in the Strategic Plan as reflected below.

**Vision Statement:** A diverse, business-friendly, and sustainable community with clean, safe and strong neighborhoods.

**Mission Statement:** Providing the most efficient and highest-quality services as the municipal location of choice for all customers.

### *A Prosperous Community*

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**Goal Statement** – Create incentives and programs to attract higher paying jobs, increase private sector investment, and market Hagerstown as the premier community for residential and economic development.

#### **Objectives** –

- Participate in a community partnership to develop a Parking Master Plan for Downtown by Fall, 2011 with the goal of identifying site and capacities for future parking facilities.
- Complete the Comprehensive Rezoning Plan by October, 2010.
- Examine the feasibility for revitalization of Municipal Stadium, or the construction of a new multi-functional stadium. October, 2010 – March, 2013.
- Begin a collaborative review with the County and State of the feasibility of a bridge over Antietam Creek at Professional Court and its relationship to future annexation and development. November 2010.
- Extend technology assets by January, 2012 to attract future business development in the City Center.
- Develop concept and feasibility plan for retail commercial business, and recreational use along Antietam Creek utilizing public/private partnerships. April, 2011.
- Identify innovative means of providing non-monetary support to local non-profit agencies through discussions with M&C.

### *A Vibrant, Active and Livable Community*

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**Goal Statement** – Focus on specific areas, buildings and projects that create a rich, social and culturally vibrant community

#### **Objectives** –

- Completion of the N. Potomac St. Sidewalk Project by September, 2010.
- Enhance the image of Hagerstown through the use of social networking and current media outlets by Fall, 2011.
- Development concept plan for adaptive Fairgrounds Park grandstand use. January, 2011.
- Identify development priorities and strategies for the East End in coordination with City's Planning Commission.
- Assist and support Washington County in the redevelopment of remaining lands of the Massey property to compliment the expansion of the Washington County Public Library.
- Development of "pocket parks" program as part of a Parks Strategic Plan Initiative. July, 2011.
- Complete commercial/residential redevelopment projects in City Center.
- Evaluate opportunities for establishment of a trolley service from outer edge destinations to City Center.
- Explore expansion of "trails" system to promote biking and walking throughout the City.

## SECTION 1 – STRATEGIC PLAN

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### *A Safe and Healthy Community*

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**Goal Statement** – Create and maintain a community that is safe, inviting, and environmentally healthy, with an emphasis on resource conservation.

#### **Objectives** –

- Implement approved recommendations from the Green Task Force by June, 2011.
- Completion of the West End Water Tank by December, 2010.
- Completion of Wastewater Treatment Plant ENR upgrade by December, 2010.
- Implement approved recommendations of the Trash and Recycling Task Force by December, 2011.
- Complete the engineering and bidding requirements for the R.C. Willson Transmission Water Main Replacement – Year 2013.
- Continue to create new governmental and community partnerships to improve Police and Fire services and reduce costs.
- Study benefit of red light and speed cameras for presentation to M&C by January, 2011.
- Planning and implementation of the public safety technology initiatives provided by the DOJ Technology Grant – November, 2011.
- Evaluation of optimal fire station locations and related operating requirements to enhance fire services and operating costs in collaboration with Washington County Fire & EMS. 2011-2012.
- Explore the establishment of a commission to study the revitalization of City/County waterways in collaboration with County/State agencies.

### *An Innovative and Sustainable Government*

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**Goal Statement** – Invigorate the organization, to identify techniques that allow services to be delivered in the most efficient and cost effective manner.

#### **Objectives** –

- Begin the process of developing recommendations by January 2011 to realign our resources and personnel to deliver services more efficiently and timely.
- Explore alternative retirement plans for non-safety personnel by September 2011.
- Implement the phases of employee/retiree healthcare reform beginning in July 2010-2018.
- Implement a paperless meeting system by Spring 2011.
- Develop a preliminary budget plan for FY11/12 by December 2010.
- Completion of MUNIS Municipal Operations project by Summer 2011.
- Propose initiatives to better service our lobby/phone/online customers. July 2011.
- Establishment of a Volunteer Corps as means of enhancing services.
- Explore opportunities for City/County partnerships to address mutually shared goals (ongoing).
- Implement approved revisions to the City's Ethics Code. June 2011.

COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
FISCAL YEAR 2014/2015

	GOVERNMENTAL FUND TYPES	ENTERPRISE FUND TYPES	SERVICE AND TRUST FUNDS	COMBINED TOTALS
<b>REVENUES</b>				
General Property Taxes	\$ 25,951,604	\$ -	\$ -	\$ 25,951,604
State and County Shared Taxes	4,826,391	-	-	4,826,391
Licenses and Permits	1,625,950	-	-	1,625,950
Fines and Forfeitures	1,899,516	-	-	1,899,516
Admissions, Fees and Rentals	2,860,375	48,741,262	8,980,273	60,581,910
Interdepartmental Charges	2,031,000	-	-	2,031,000
Federal, State and County Grants	3,331,708	-	-	3,331,708
Program Income	266,505	-	-	266,505
Interest Earned on Investments	37,225	138,508	4,705	180,438
Appropriated Use of Fund Balance	823,500	-	-	823,500
Miscellaneous	489,170	(4,000)	106,000	591,170
<b>TOTAL REVENUES</b>	<b>\$ 44,142,944</b>	<b>\$ 48,875,770</b>	<b>\$ 9,090,978</b>	<b>\$ 102,109,692</b>
<b>EXPENDITURES</b>				
General Government	5,884,733	-	-	5,884,733
Public Safety	20,934,020	-	-	20,934,020
Streets and Alleys	2,641,574	-	-	2,641,574
Sanitation, Health and Welfare	2,014,777	-	-	2,014,777
Parks and Recreation	2,187,670	-	-	2,187,670
Economic and Community Development	679,718	-	-	679,718
Unallocated General Expense	2,482,032	-	-	2,482,032
Debt Service - Principal and Interest	1,999,000	4,254,714	-	6,253,714
Operating Expenses	10,798,555	49,612,579	9,323,082	69,734,216
<b>TOTAL EXPENDITURES</b>	<b>49,622,079</b>	<b>53,867,293</b>	<b>9,323,082</b>	<b>112,812,454</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,479,135)</b>	<b>(4,991,523)</b>	<b>(232,104)</b>	<b>(10,702,762)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Add Back Net Depreciation	-	7,530,466	-	7,530,466
Bond and Lease Proceeds	3,110,000	5,872,000	-	8,982,000
Bond Proceeds - Future Issues	-	-	-	-
Bond Prior Proceeds - Reprogrammed	-	-	-	-
Change in Restricted Cash	-	-	-	-
Change in Working Capital	-	-	-	-
Capital Contributions	-	920,000	-	920,000
Operating Transfers (In)	375,000	222,000	-	597,000
Capital Transfers (In)	807,200	-	-	807,200
General Fund Balance Transfers (In) Capital Projects	588,500	-	-	588,500
General Fund Balance Transfers (In) Invest Hagerstown	235,000	-	-	235,000
Contributions by Others	1,294,677	765,000	-	2,059,677
Budgeted Use of CIP Fund Balance	356,939	-	-	356,939
Deduct Non-Cash Contributions	-	(525,000)	-	(525,000)
General Fund Balance Transfers (Out) Capital Projects	(588,500)	-	-	(588,500)
General Fund Balance Transfers (Out) Invest Hagerstown	(235,000)	-	-	(235,000)
Capital Transfers (Out)	(215,200)	-	-	(215,200)
Operating Transfers (Out)	(474,000)	(652,000)	(55,000)	(1,181,000)
Capital Outlay	-	(9,330,900)	-	(9,330,900)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,254,616</b>	<b>4,801,566</b>	<b>(55,000)</b>	<b>10,001,182</b>
Adjust for Balance Sheet Transactions	(50,000)	-	-	(50,000)
<b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>\$ (174,519)</b>	<b>\$ (189,957)</b>	<b>\$ (287,104)</b>	<b>\$ (651,580)</b>
<b>Beginning Fund Balance</b>	<b>\$ 18,757,417</b>	<b>\$ 15,458,264</b>	<b>\$ 2,799,429</b>	<b>\$ 37,015,110</b>
<b>Ending Fund Balance</b>	<b>\$ 18,582,898</b>	<b>\$ 15,268,307</b>	<b>\$ 2,512,325</b>	<b>\$ 36,363,530</b>

( Cash Basis )

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (ALL FUNDS)  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	ADOPTED	% CHANGE
<b>REVENUES BY TYPE</b>					
Taxes	\$ 29,030,805	\$ 28,868,861	\$ 29,497,672	\$ 30,615,995	6.1%
Charges for Services	60,794,399	57,520,751	57,550,584	59,813,272	4.0%
Licenses and Permits	1,548,344	1,583,250	1,607,974	1,625,950	2.7%
Fines and Forfeitures	1,750,380	1,525,135	1,606,252	1,710,316	12.1%
Other Governmental	2,344,446	6,994,370	4,333,880	3,331,708	-52.4%
Other / Transfers In	17,765,500	19,157,728	12,988,727	13,532,403	-29.4%
<b>Total Current Revenues</b>	<b>\$ 113,233,874</b>	<b>\$ 115,650,095</b>	<b>\$ 107,585,089</b>	<b>\$ 110,629,644</b>	<b>-4.3%</b>
<b>EXPENDITURES BY DEPARTMENT</b>					
Mayor and City Council	\$ 318,178	\$ 331,758	\$ 327,585	\$ 317,971	-4.2%
City Administrator and Legal	440,024	479,203	494,030	455,152	-5.0%
Finance	564,499	638,257	575,982	676,695	6.0%
Information and Technology	1,108,566	1,086,493	1,129,350	1,262,561	16.2%
Human Resources	408,568	487,691	487,566	583,388	19.6%
Community Planning and Development Services	1,941,784	1,917,991	1,961,415	2,085,534	8.7%
Public Works	2,692,504	2,693,794	2,819,548	2,763,653	2.6%
Community Development Block Grant	1,812,479	1,147,491	1,305,709	869,863	-24.2%
Public Safety	19,421,463	19,958,948	20,357,299	20,934,020	4.9%
Culture and Recreation	2,157,094	2,205,658	2,234,039	2,187,670	-0.8%
Engineering and Construction	2,949,977	3,083,024	3,022,146	3,075,848	-0.2%
Enterprise Funds	60,309,159	67,924,079	65,677,721	60,714,361	-10.6%
Other Special Revenue Funds	1,061,758	2,203,712	1,701,509	1,085,664	-50.7%
Capital Improvement Projects Fund	3,275,818	15,781,931	6,579,740	9,117,028	-42.2%
Service and Trust Funds	9,388,538	8,896,124	8,253,297	9,383,082	
Non-Departmental General Fund	5,086,451	5,054,546	4,719,866	5,719,732	13.2%
<b>Total Expenditures</b>	<b>\$ 112,936,860</b>	<b>\$ 133,890,700</b>	<b>\$ 121,646,802</b>	<b>\$ 121,232,222</b>	<b>-9.5%</b>

Note: Statements are for budgetary purposes only and are not intended to satisfy GASB34 requirements.

ORGANIZATIONAL NARRATIVE  
FISCAL YEAR 2014/2015

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The City is the county seat of Washington County, Maryland. It is located approximately 70 miles northwest of Washington, D. C. and Baltimore, Maryland. Founded in 1762 and incorporated in 1813, the City's area is 12.1 square miles; its population is 39,662 according to the most recent 2012 census.

The City adopted its present charter in 1983. The legislative functions of the City are vested in the five Council members. The Mayor serves as President of the Council, participates in all Council discussions, and has veto power on all ordinances passed by the Council. The Mayor is also the ceremonial head of the City government. The Mayor and all Council members are elected on an at-large basis for four year terms.

The City Administrator serves as the chief administrative officer of the City, responsible to the Council for the administration of all City affairs. The Director of Finance is the chief financial officer of the City and has been delegated the task of supervising and directing the proper accounting of all revenues and expenditures, and the preparation of the annual operating budget. The books and accounts of the City are audited annually by an independent public accountant selected by the Council.

The City provides the full range of municipal services that is contemplated by statute or charter. This includes public safety (police and fire), highways and streets, sanitation, electric, water and wastewater service, parks and recreation, public improvements, economic development, planning and zoning, property management, and general administrative services.

### **FUND ACCOUNTING**

As shown on the fund structure organizational charts preceding each major section of the budget, the City's accounts are organized into funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

#### **GOVERNMENTAL FUNDS:**

General Fund - The General Fund is the general operating fund of the City. It is used to account for all functional resources not required to be accounted for in another fund.

Special Revenue Funds – These funds, such as the Community Development Block Grant Fund, Flexible Spending Fund, Economic Redevelopment Fund, Business Revolving Loan Fund, Excise Tax Fund, and Special Revenue Grant Fund are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Improvement Projects Fund - This fund is used to account for the acquisition of major capital facilities within the Governmental Funds. Revenue sources include, but are not limited to, grants from other governmental agencies, appropriations from other City funds, outside financing, and prior year's appropriated fund balances.

#### **PROPRIETARY FUNDS:**

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing goods or services are to be recovered primarily through user charges. The Electric Fund, Water Fund, Wastewater Fund, Parking Fund, Golf Course Fund, and Property Management Fund all operate as Enterprise Funds.

#### **FIDUCIARY FUNDS:**

Trust Funds - These funds are used to account for assets held by the City in a trustee capacity. The Bloom-Carlile Trust Fund operates as a Trust Fund.

#### **INTERNAL SERVICE FUNDS:**

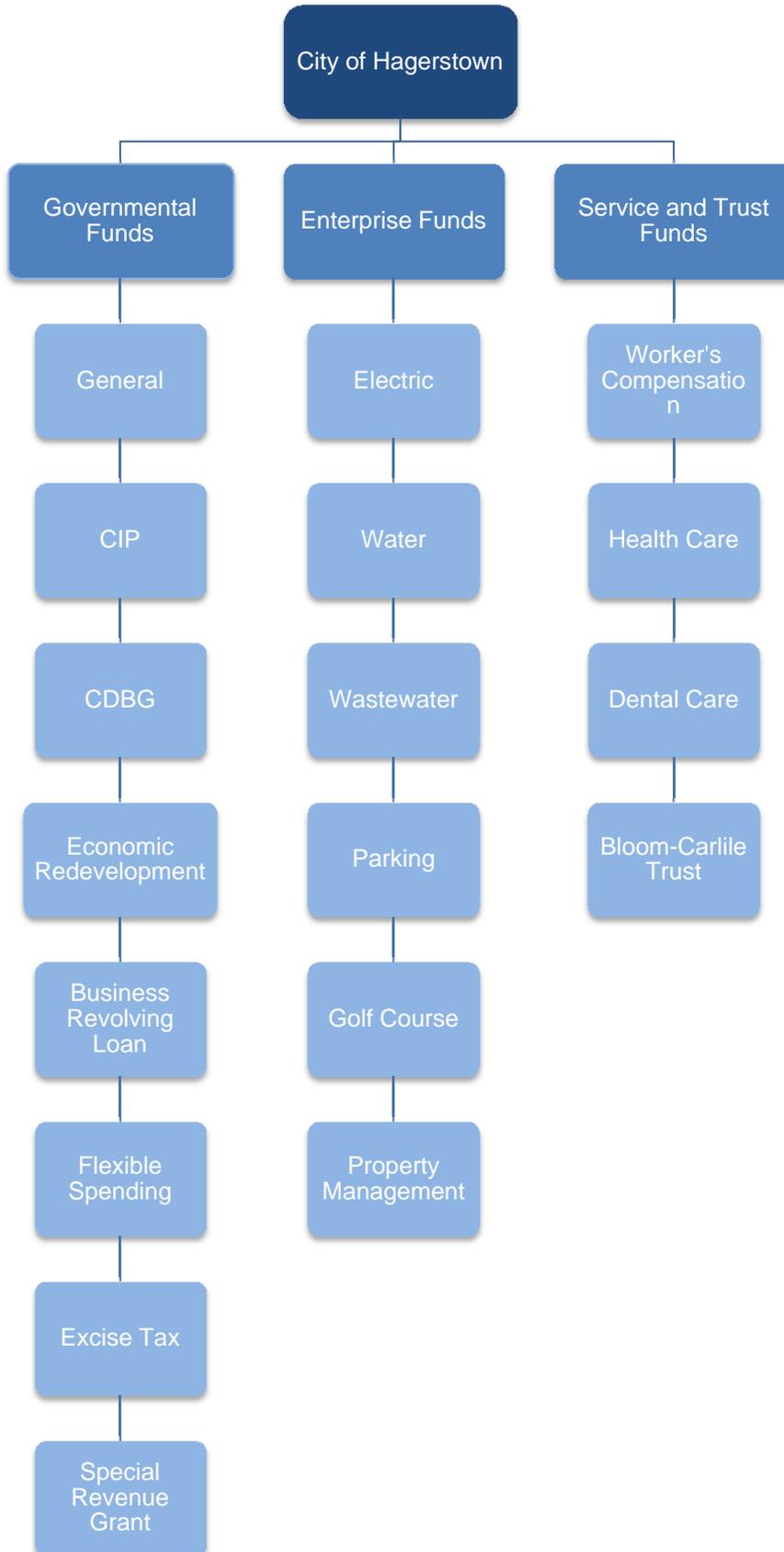
Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The Worker's Compensation Fund, Health Care Fund, and Dental Care Fund are used to provide for potential uninsured liability claims and worker's compensation, health, and dental care claims below the City's insurance policy deductibles.

### **BASIS OF ACCOUNTING AND BUDGETING**

Basis of accounting and budgeting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All governmental and expendable trust funds use the modified accrual basis of accounting and budgeting. Certain revenues, primarily property taxes, are accrued when they are both measurable and available. In addition, certain grant revenues are accrued when the funds are earned. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due. All proprietary and non-expendable trust funds use the accrual basis of accounting and budgeting; which means that expenses are recorded when the liabilities are incurred and revenues are recorded when earned.

CITY FUND STRUCTURE (ALL)  
FISCAL YEAR 2014/2015

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CITY FUND STRUCTURE (ALL)  
FISCAL YEAR 2014/2015

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**Explanation of Funds:**

*General Fund* - This fund is the general operating fund for the City. It is used to account for all resources except those required to be accounted for in another fund. The principal activities accounted for in the General Fund are general government, public safety, public works, and recreation. These activities are funded primarily by property taxes, shared state taxes, and intergovernmental revenue from other governmental units.

*Capital Improvement Project Fund* - Used to account for the purchase or construction of major capital facilities which are not financed by the Enterprise funds. The source of the funds are grants from other governmental agencies, appropriations from other City funds (primarily the General Fund), and bond proceeds.

*Community Development Block Grant (C.D.B.G.) Fund* - This fund is used to account for activities which promote the rehabilitation and development of residential and commercial neighborhoods by providing loans, grants and public facilities and services.

*Flexible Spending Fund* - This fund was established to account for the City Employee Flexible Spending Account (FSA) Program. Funds are designated on a pre-tax basis to this fund by employees participating in the FSA Program for unreimbursed medical and dependent care costs and reimbursements are made to employees for these costs up to the annual amounts each employee chose to designate. Employer FICA savings are contributed to this fund and are used to pay for administrative costs.

*Economic Redevelopment Fund* - This fund is used to account for activities related to purchase and redevelopment of targeted properties in the City's downtown central business district. These activities are primarily funded by federal and state grants.

*Business Revolving Loan Fund* - This fund is designed to assist in the recruitment, retention and expansion of businesses within the City of Hagerstown, Maryland.

*Excise Tax Fund* – This fund was created to account for funds received from the excise tax. Revenues from the excise tax imposed through Washington County may only be used for specific purposes and this fund will be used to account for those funds.

*Special Revenue Grant Fund* – This fund was created to account for operating grant revenues from various agencies – federal, state, and local.

*Electric Fund* - This fund is used to account for the activities of the City's electric distribution operations.

*Water Fund* - This fund is used to account for the activities of the City's water treatment and distribution operations.

*Wastewater Fund* - This fund is used to account for the activities of the City's sewage collection and treatment operations.

*Parking Fund* - This fund is used to account for the activities of the City's parking lots and decks.

*Golf Course Fund* - This fund is used to account for all activities relating to the City's public golf course.

*Property Management Fund* - This fund is used to account for all activities related to rental properties owned and managed by the City.

*Bloom-Carlile Fund* - The Bloom-Carlile Trust Fund was established to segregate funds received from the estates of S. Martin Bloom, Annie Gill Carlile, and others from the general accounts of the City. The donors' intent was to establish a permanent endowment fund. The income earned on investment of the fund is used to provide assistance to the poor and needy of Hagerstown.

**Explanation of Funds (continued):**

*Health Care Fund (HCF)* - The City manages a self-insurance program for health care for its active and retired employees and their dependents in this Internal Service fund. Under this self-funded plan the City pays a standard monthly administrative fee for each covered member and accepts claim risks up to a specific stop loss for each individual covered. In addition, a second level of insurance called the aggregate stop loss assures that the City does not pay more than a maximum of projected expenses. All funds to which employees are assigned participate in the HIF. It allocates to costs by billing a pre-established internal insurance rate for each fund's employees, retirees and dependents. This charge represents the funding sources for the HCF from which all health care related administrative and medical reimbursements costs are paid.

*Workers Compensation Fund (WCF)* - The City manages its uncovered workers' compensation risks and sets aside assets for claim settlement in this Internal Service Fund. WCF services claims for risk of loss to which the City was exposed for workers' compensation injuries. All funds to which employees are assigned participate in the WCF. It allocates the cost of providing claims servicing and claims payments by charging a premium to each fund based on its exposure. This charge considers recent trends in actual claims experience of the City as a whole and makes provision for catastrophic losses.

*Dental Care Fund* – Similar to the Health Insurance Fund this Fund manages the Dental Insurance. It allocates the costs by billing a pre-established internal “insurance” rate for each fund's employees, retirees, and dependents. This charge represents funding sources from which the dental care related administrative and reimbursement costs are paid.

**FIVE YEAR COMPARISON - STAFFING SCHEDULE**

DEPARTMENT	FISCAL YEARS											
	2010/11				2011/12		2012/13		2013/14		2014/15	
	FULL-TIME	PART-TIME	FT POS. ELIMN'D	FT POS. ADDED	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
Office of The Mayor	0.34	-	-	-	0.34	-	0.34	-	0.34	-	0.33	-
City Administrator	1.33	-	-	-	1.33	-	1.33	-	1.33	-	1.33	-
City Clerk	1.33	-	-	0.17	1.50	-	1.33	-	1.33	0.50	1.34	0.50
Community & Economic Development	26.17	7.00	(6.17)	3.00	23.00	7.00	23.50	7.00	23.85	7.50	23.80	5.50
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	26.17	7.00	(6.17)	3.00	23.00	7.00	23.50	7.00	23.85	7.50	23.80	5.50
Finance	10.00	-	(3.00)	1.75	8.75	-	8.75	-	8.50	-	8.50	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	10.00	-	(3.00)	1.75	8.75	-	8.75	-	8.50	-	8.50	-
IT & Support Services	13.60	-	(2.60)	1.00	12.00	-	12.00	-	12.00	2.00	12.00	3.00
Unfunded Positions	-	-	-	-	(1.00)	-	-	-	-	-	-	-
Total Funded Positions	13.60	-	(2.60)	1.00	11.00	-	12.00	-	12.00	2.00	12.00	3.00
Human Resources	4.00	5.00	-	-	4.00	3.00	4.00	3.00	4.00	5.00	4.00	5.00
Engineering & Parks	34.33	-	(6.33)	1.00	29.00	-	29.66	-	29.72	3.00	29.63	5.00
Unfunded Positions	(3.00)	-	-	-	(3.00)	-	(3.00)	-	(3.00)	-	(3.00)	-
Total Funded Positions	31.33	-	(6.33)	1.00	26.00	-	26.66	-	26.72	3.00	26.63	5.00
Police Sworn	105.00	-	(1.00)	1.00	105.00	-	105.00	-	107.00	-	107.00	-
Police Administrative/Civilian	13.00	6.00	(1.00)	1.00	13.00	6.00	13.00	6.00	14.00	18.00	15.00	19.00
Unfunded Positions	-	-	-	-	(8.00)	-	(8.00)	-	(3.00)	-	(1.00)	-
Total Funded Positions	118.00	6.00	(2.00)	2.00	110.00	6.00	110.00	6.00	118.00	18.00	121.00	19.00
Fire	83.60	-	(0.60)	-	83.00	-	83.00	-	83.00	-	83.00	-
Unfunded Positions	-	-	-	-	(8.00)	-	(8.00)	-	(5.00)	-	(5.00)	-
Total Funded Positions	83.60	-	(0.60)	-	75.00	-	75.00	-	78.00	-	78.00	-
Public Works	34.00	3.00	-	-	34.00	8.00	33.40	8.00	32.90	-	32.90	-
Unfunded Positions	-	-	-	-	(4.00)	-	(5.00)	-	(5.00)	-	(5.00)	-
Total Funded Positions	34.00	3.00	-	-	30.00	8.00	28.40	8.00	27.90	-	27.90	-
<b>Total General Fund</b>	<b>326.70</b>	<b>21.00</b>	<b>(20.70)</b>	<b>8.92</b>	<b>314.92</b>	<b>24.00</b>	<b>315.31</b>	<b>24.00</b>	<b>317.97</b>	<b>36.00</b>	<b>318.83</b>	<b>38.00</b>
<b>  Unfunded Total - General Fund</b>	<b>(3.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24.00)</b>	<b>-</b>	<b>(24.00)</b>	<b>-</b>	<b>(16.00)</b>	<b>-</b>	<b>(14.00)</b>	<b>-</b>
<b>Total Funded Positions-General Fund</b>	<b>323.70</b>	<b>21.00</b>	<b>(20.70)</b>	<b>8.92</b>	<b>290.92</b>	<b>24.00</b>	<b>291.31</b>	<b>24.00</b>	<b>301.97</b>	<b>36.00</b>	<b>304.83</b>	<b>38.00</b>
Electric	40.00	-	-	-	40.00	-	39.18	-	35.58	-	35.55	-
Unfunded Positions	(7.00)	-	-	-	(7.00)	-	(9.00)	-	(5.00)	-	(5.00)	-
Total Funded Positions	33.00	-	-	-	33.00	-	30.18	-	30.58	-	30.55	-
Water	55.00	-	(1.00)	0.25	54.25	-	56.49	-	55.02	-	55.02	-
Unfunded Positions	(1.00)	-	-	-	(5.00)	-	(4.00)	-	(4.00)	-	(4.00)	-
Total Funded Positions	54.00	-	(1.00)	0.25	49.25	-	52.49	-	51.02	-	51.02	-
Wastewater	48.00	-	-	-	48.00	-	47.40	-	47.76	-	47.76	-
Unfunded Positions	-	-	-	-	(1.00)	-	(2.00)	-	(2.00)	-	(2.00)	-
Total Funded Positions	48.00	-	-	-	47.00	-	45.40	-	45.76	-	45.76	-
Golf Course	3.00	4.00	-	-	3.00	4.00	2.52	4.00	2.37	2.00	2.53	1.00
Parking	2.00	9.00	-	0.40	2.40	9.00	2.20	9.00	2.20	9.00	2.20	7.00
Property Management	-	-	-	-	-	-	0.40	-	0.90	-	0.90	1.00
Community Dev Block Grant	5.80	-	(2.87)	0.50	3.43	3.43	2.50	3.43	2.20	-	2.21	-
Telework Center	1.00	-	(1.00)	-	-	-	-	-	-	-	-	-
<b>City-wide Staffing Levels</b>	<b>481.50</b>	<b>34.00</b>	<b>(25.57)</b>	<b>10.07</b>	<b>466.00</b>	<b>40.43</b>	<b>466.00</b>	<b>40.43</b>	<b>464.00</b>	<b>47.00</b>	<b>465.00</b>	<b>47.00</b>
<b>  Unfunded Total - City-wide</b>	<b>(11.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37.00)</b>	<b>-</b>	<b>(39.00)</b>	<b>-</b>	<b>(27.00)</b>	<b>-</b>	<b>(25.00)</b>	<b>-</b>
<b>Total Funded Positions - City-wide</b>	<b>470.50</b>	<b>34.00</b>	<b>(25.57)</b>	<b>10.07</b>	<b>429.00</b>	<b>40.43</b>	<b>427.00</b>	<b>40.43</b>	<b>437.00</b>	<b>47.00</b>	<b>440.00</b>	<b>47.00</b>
<b>General Operations</b>	<b>131.90</b>	<b>15.00</b>	<b>(21.97)</b>	<b>7.42</b>	<b>117.35</b>	<b>21.43</b>	<b>116.81</b>	<b>21.43</b>	<b>116.17</b>	<b>18.00</b>	<b>116.04</b>	<b>19.00</b>
<b>Public Safety</b>	<b>201.60</b>	<b>6.00</b>	<b>(2.60)</b>	<b>2.00</b>	<b>201.00</b>	<b>6.00</b>	<b>201.00</b>	<b>6.00</b>	<b>204.00</b>	<b>18.00</b>	<b>205.00</b>	<b>19.00</b>
<b>Enterprise Funds</b>	<b>148.00</b>	<b>13.00</b>	<b>(1.00)</b>	<b>0.65</b>	<b>147.65</b>	<b>13.00</b>	<b>148.19</b>	<b>13.00</b>	<b>143.83</b>	<b>11.00</b>	<b>143.96</b>	<b>9.00</b>

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**GOVERNMENTAL FUNDS  
SECTION 2**

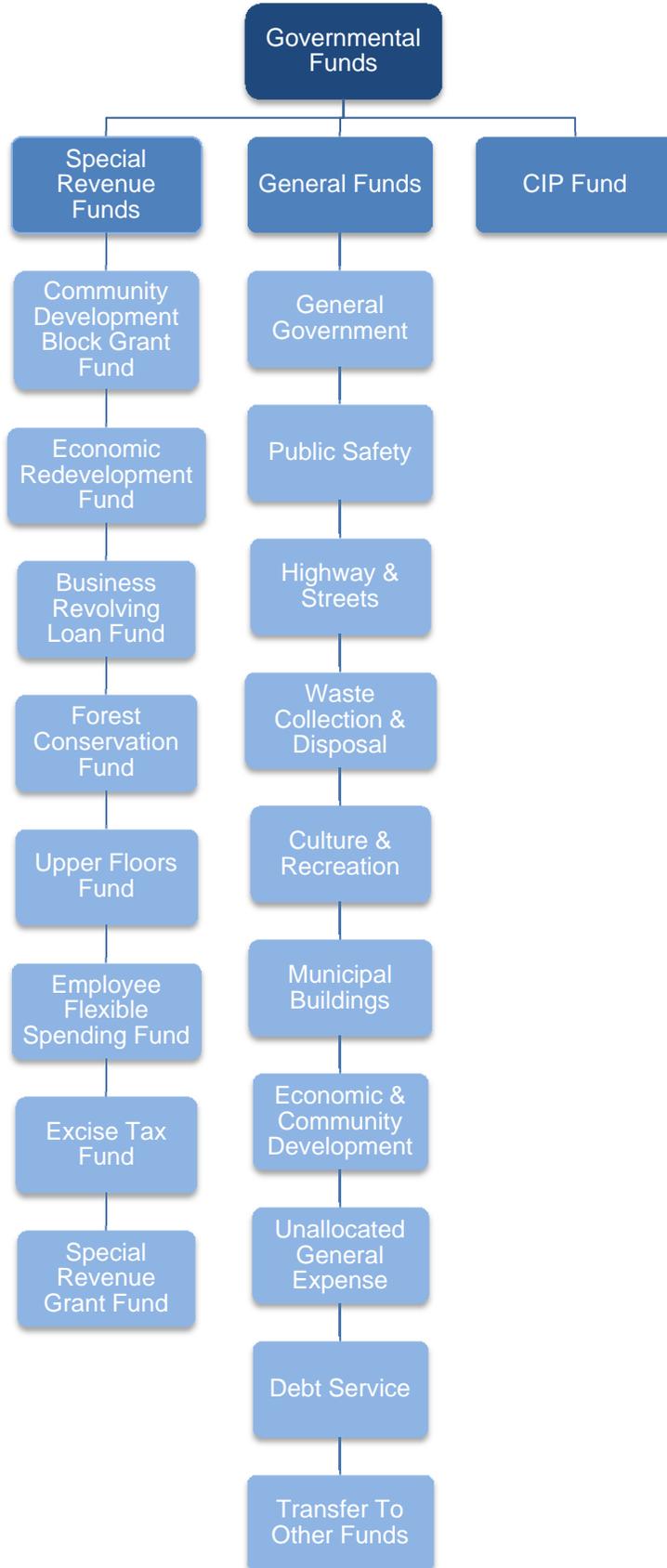
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<u>Combined Statement of Revenues and Expenditures</u>	2

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GOVERNMENTAL FUNDS – ORGANIZATIONAL CHART  
FISCAL YEAR 2014/15

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GOVERNMENTAL FUNDS - COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
FISCAL YEAR 2014/2015

	GENERAL	SPECIAL REVENUE	CAPITAL IMPROVEMENT FUNDS	TOTAL
<b>REVENUES</b>				
General Property Taxes	\$ 25,951,604	\$ -	\$ -	\$ 25,951,604
State and County Shared Taxes	3,584,479	-	1,241,912	4,826,391
Licenses and Permits	1,625,950	-	-	1,625,950
Fines and Forfeitures	1,899,516	-	-	1,899,516
Charges for Current Services	2,860,375	-	-	2,860,375
Interdepartmental Charges	2,031,000	-	-	2,031,000
Federal, State and County Grants	504,379	1,149,529	1,677,800	3,331,708
Program Income	-	266,505	-	266,505
Interest Earned on Investments	35,000	2,225	-	37,225
Appropriated Use of Fund Balance	823,500	-	-	823,500
Miscellaneous	462,070	27,100	-	489,170
<b>TOTAL REVENUES</b>	<b>39,777,873</b>	<b>1,445,359</b>	<b>2,919,712</b>	<b>44,142,944</b>
<b>EXPENDITURES</b>				
General Government	5,884,733	-	-	5,884,733
Public Safety	20,934,020	-	-	20,934,020
Streets and Alleys	2,641,574	-	-	2,641,574
Sanitation, Health and Welfare	2,014,777	-	-	2,014,777
Parks and Recreation	2,187,670	-	-	2,187,670
Economic and Community Development	679,718	-	-	679,718
Unallocated General Expense	2,482,032	-	-	2,482,032
Debt Service - Principal and Interest	1,999,000	-	-	1,999,000
Operating Expenses	-	1,681,527	9,117,028	10,798,555
<b>TOTAL EXPENDITURES</b>	<b>38,823,524</b>	<b>1,681,527</b>	<b>9,117,028</b>	<b>49,622,079</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<b>954,349</b>	<b>(236,168)</b>	<b>(6,197,316)</b>	<b>(5,479,135)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Operating Transfers (In)	285,000	50,000	40,000	375,000
Capital Transfers (In)	-	-	807,200	807,200
General Fund Balance Transfers (In) Capital Projects	-	-	588,500	588,500
General Fund Balance Transfers (In) Invest Hagerstown	-	235,000	-	235,000
Prior Bond Proceeds - Reprogrammed	-	-	-	-
Bond Financing Proceeds	-	-	3,110,000	3,110,000
Bond Financing - Future Issues	-	-	-	-
Contributions by Others	-	-	1,294,677	1,294,677
Budgeted Use of CIP Fund Balance	-	-	356,939	356,939
General Fund Balance Transfers (Out) Capital Projects	(588,500)	-	-	(588,500)
General Fund Balance Transfers (Out) Invest Hagerstown	(235,000)	-	-	(235,000)
Capital Transfers (Out)	(215,200)	-	-	(215,200)
Operating Transfers (Out)	(200,000)	(274,000)	-	(474,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(953,700)</b>	<b>11,000</b>	<b>6,197,316</b>	<b>5,254,616</b>
Adjust for Balance Sheet Transactions	-	(50,000)	-	(50,000)
<b>EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>				
	<b>\$ 649</b>	<b>\$ (175,168)</b>	<b>\$ -</b>	<b>\$ (174,519)</b>
<b>Beginning Fund Balance</b>	<b>\$ 9,782,975</b>	<b>\$ 5,400,981</b>	<b>\$ 3,573,461</b>	<b>\$ 18,757,417</b>
<b>Ending Fund Balance</b>	<b>\$ 9,783,624</b>	<b>\$ 5,225,813</b>	<b>\$ 3,573,461</b>	<b>\$ 18,582,898</b>

**GENERAL FUND  
SECTION 3**

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STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FISCAL YEAR 2014/2015

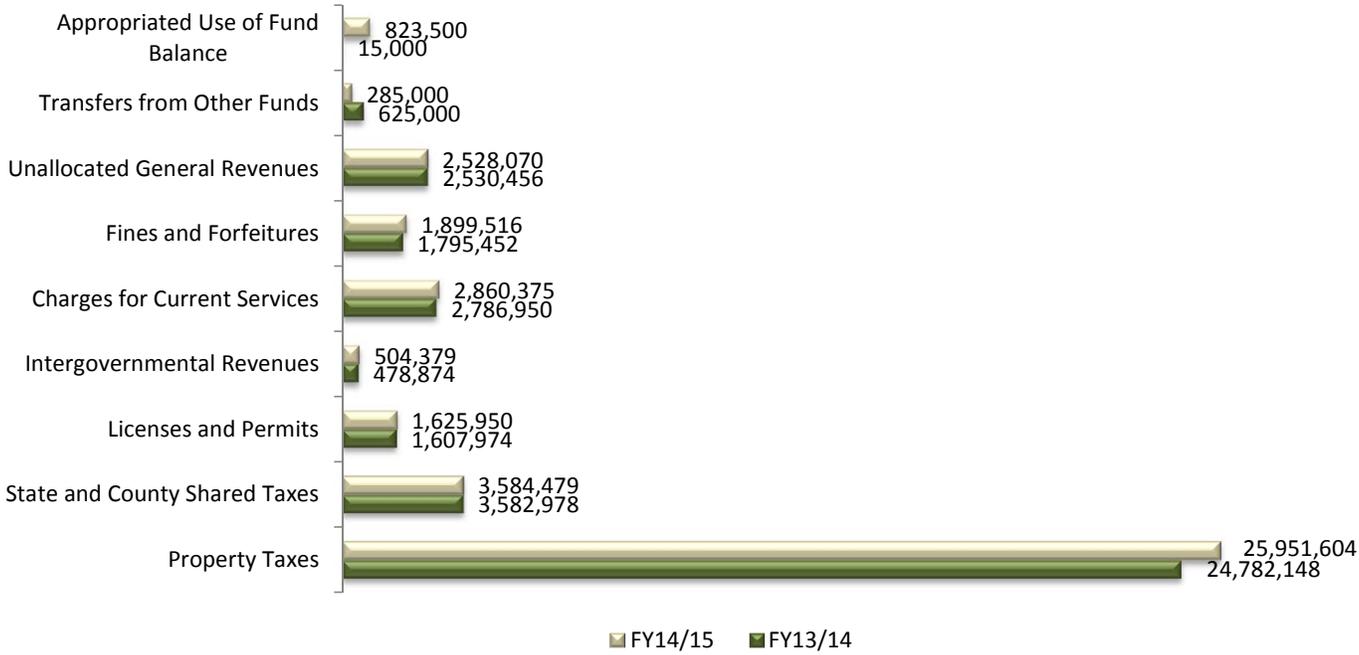
ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES BY TYPE</b>					
Property Taxes	\$25,227,703	\$ 24,474,500	\$24,782,148	\$ 25,951,604	6.0%
State and County Shared Taxes	3,385,674	3,576,479	3,582,978	3,584,479	0.2%
Licenses and Permits	1,545,344	1,583,250	1,607,974	1,625,950	2.7%
Intergovernmental Revenues	241,766	539,980	478,874	504,379	-6.6%
Charges for Current Services	3,158,783	2,930,555	2,786,950	2,860,375	-2.4%
Fines and Forfeitures	1,659,538	1,653,135	1,795,452	1,899,516	14.9%
Unallocated General Revenues	2,753,381	2,566,435	2,530,456	2,528,070	-1.5%
Transfers from Other Funds	299,125	565,250	625,000	285,000	-49.6%
Appropriated Use of Fund Balance	-	-	15,000	823,500	100.0%
<b>Total Current Revenues</b>	<b>\$38,271,314</b>	<b>\$ 37,889,584</b>	<b>\$38,204,832</b>	<b>\$ 40,062,873</b>	<b>5.7%</b>
<b>EXPENDITURES BY DEPARTMENT</b>					
0101001-Council	\$ 105,850	\$ 113,327	\$ 111,107	\$ 99,640	-12.1%
0101002-Mayor	64,154	69,704	68,386	65,780	-5.6%
0103001-City Administrator	203,569	204,203	209,030	215,152	5.4%
0103002-City Clerk	148,174	148,727	148,092	152,551	2.6%
0103003-Community Affairs	434,303	414,148	424,165	438,070	5.8%
0103004-Legal Counsel	236,455	275,000	285,000	240,000	-12.7%
0103005-Public Functions	481,152	492,385	492,519	522,709	6.2%
0105001-Registration & Elections	-	-	-	-	0.0%
0107001-Finance & Accounting	564,499	638,257	575,982	676,695	6.0%
0107200-Information Technology	744,554	761,880	764,733	891,901	17.1%
0107206-Support Services	364,012	324,613	364,617	370,660	14.2%
0109001-Planning	413,167	427,987	412,642	436,237	1.9%
0109002-Annexation	721	8,800	6,800	8,800	0.0%
0109003-City Hall	299,649	278,255	120,877	122,079	-56.1%
0109004-Engineering & Construction	1,013,824	1,044,993	1,063,014	1,061,071	1.5%
0109005-Human Resources	408,568	487,691	487,566	583,388	19.6%
Total General Government	5,482,651	5,689,970	5,534,530	5,884,733	3.4%
0110XXX-Police Department	11,613,365	11,976,466	12,315,193	12,655,042	5.7%
0112001-Fire Department	6,205,182	6,407,400	6,499,420	6,675,081	4.2%
0114001-Code Administration	1,055,260	993,471	1,011,685	1,066,319	7.3%
0116XXX-Signal Department	547,656	581,611	531,001	537,578	-7.6%
Total Public Safety	19,421,463	19,958,948	20,357,299	20,934,020	4.9%
0120001-Street Lighting	684,314	720,000	650,000	650,000	-9.7%
0121001-Snow Removal	276,103	399,900	408,900	358,900	-10.3%
0122001-Street Cleaning	388,363	497,843	375,639	336,487	-32.4%
0123XXX-Gas Station & Maint Garage	330,575	278,833	267,770	306,597	10.0%
0124001-7-PW & Street Operations	575,701	416,886	869,702	887,857	113.0%
0124008-Central Equipment Building	137,799	102,077	126,660	101,733	-0.3%
Total Highways & Streets	2,392,855	2,415,539	2,698,671	2,641,574	9.4%
0130001-Waste Collection & Disposal	1,936,153	2,038,031	1,959,132	2,014,777	-1.1%
0140001-Department of Recreation	250,474	252,981	258,129	310,559	22.8%
0140202-Swimming Pools	162,213	147,837	151,281	137,969	-6.7%
0140204-Farmers Market	90,977	78,077	91,400	91,000	16.6%
0140401-Municipal Stadium	111,426	71,292	57,252	18,024	-74.7%
0140402-Hager House	24,721	40,175	29,370	46,791	16.5%
0140403-Train Museum	7,579	14,730	11,962	13,188	-10.5%
0145XXX-City Parks	1,509,704	1,600,566	1,634,645	1,570,139	-1.9%
Total Culture & Recreation	2,157,094	2,205,658	2,234,039	2,187,670	-0.8%

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FISCAL YEAR 2014/2015

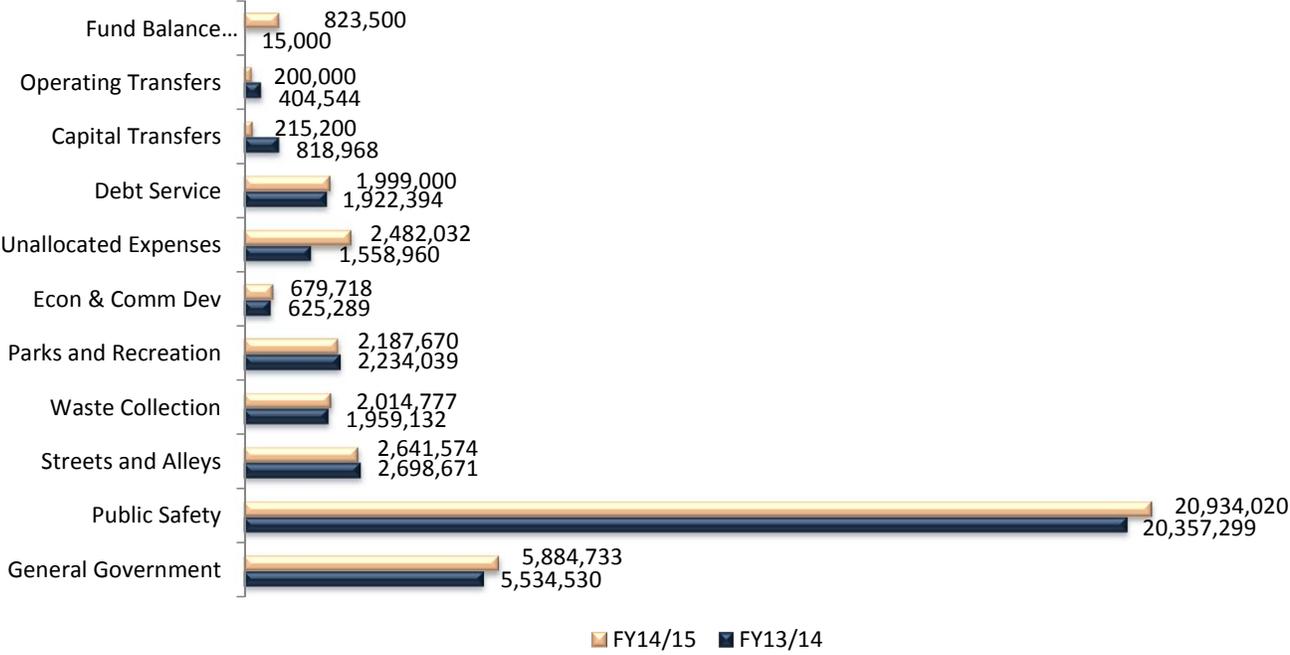
ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
0150001-Economic Development	\$ 505,324	\$ 426,201	\$ 479,105	\$ 519,871	22.0%
0150002-Neighborhoods First	9,736	59,183	53,614	62,918	6.3%
0150004-Housing & Community Development	97,381	89,287	92,570	96,929	8.6%
Total Economic & Community Development	612,441	574,671	625,289	679,718	18.3%
0160001-Retiree Benefits	1,153,937	1,209,522	1,213,470	1,308,542	8.2%
0166001-Contributions-Other Agencies	290,923	273,490	335,490	473,490	73.1%
0162001-Inventory Adjustments	1,866	10,000	10,000	10,000	0.0%
0168001-Contingency	(4,915)	325,000	-	690,000	112.3%
Total Unallocated General Expenses	1,441,811	1,818,012	1,558,960	2,482,032	36.5%
0190001-Debt Service-Prin	1,435,931	1,457,508	1,281,608	1,325,187	-9.1%
0191001-Debt Service- Interest & Issuance Costs	596,198	723,918	640,786	673,813	-6.9%
Total Debt Service	2,032,129	2,181,426	1,922,394	1,999,000	-8.4%
0195001-Operating Transfers to Other Funds	509,752	367,241	404,544	200,000	-45.5%
0195002-Capital Transfers to CIP & Other Funds	1,102,759	687,868	818,968	215,200	-68.7%
0195001-Fund Balance Transfer for CIP Projects	-	-	-	588,500	100.0%
0195001-Fund Balance Transfer for Invest Hag	-	-	15,000	235,000	100.0%
Total Transfers to All Other Funds	1,612,511	1,055,109	1,238,512	1,238,700	17.4%
<b>Total Expenditures &amp; Transfers</b>	<b>\$37,089,108</b>	<b>\$ 37,937,363</b>	<b>\$38,128,826</b>	<b>\$ 40,062,224</b>	<b>5.6%</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 1,182,206</b>	<b>\$ (47,779)</b>	<b>\$ 76,006</b>	<b>\$ 649</b>	
<b>Beginning Fund Balance</b>	<b>\$ 8,524,763</b>	<b>\$ 9,706,969</b>	<b>\$ 9,706,969</b>	<b>\$ 9,782,975</b>	
<b>Ending Fund Balance</b>	<b>\$ 9,706,969</b>	<b>\$ 9,659,190</b>	<b>\$ 9,782,975</b>	<b>\$ 9,783,624</b>	
<b>Detail of Ending Fund Balance</b>					
Nonspendable	\$ 254,914	\$ 500,000	\$ 490,000	\$ 500,000	
Assigned	1,783,143	1,783,143	1,768,143	1,533,143	
Unassigned	7,668,912	7,376,047	7,524,832	7,750,481	
Ending Fund Balance	\$ 9,706,969	\$ 9,659,190	\$ 9,782,975	\$ 9,783,624	
Unassigned Fund Balances as:					
% of Operating Budget Less Transfers to All Other Funds	21.6%	20.0%	20.4%	19.5%	
Number of Months Expenditures	2.6	2.4	2.4	2.3	

COMPARISON OF REVENUES AND EXPENDITURES - PROPOSED BUDGET FY15 VS EST ACTUAL FY14  
FISCAL YEAR 2014/2015

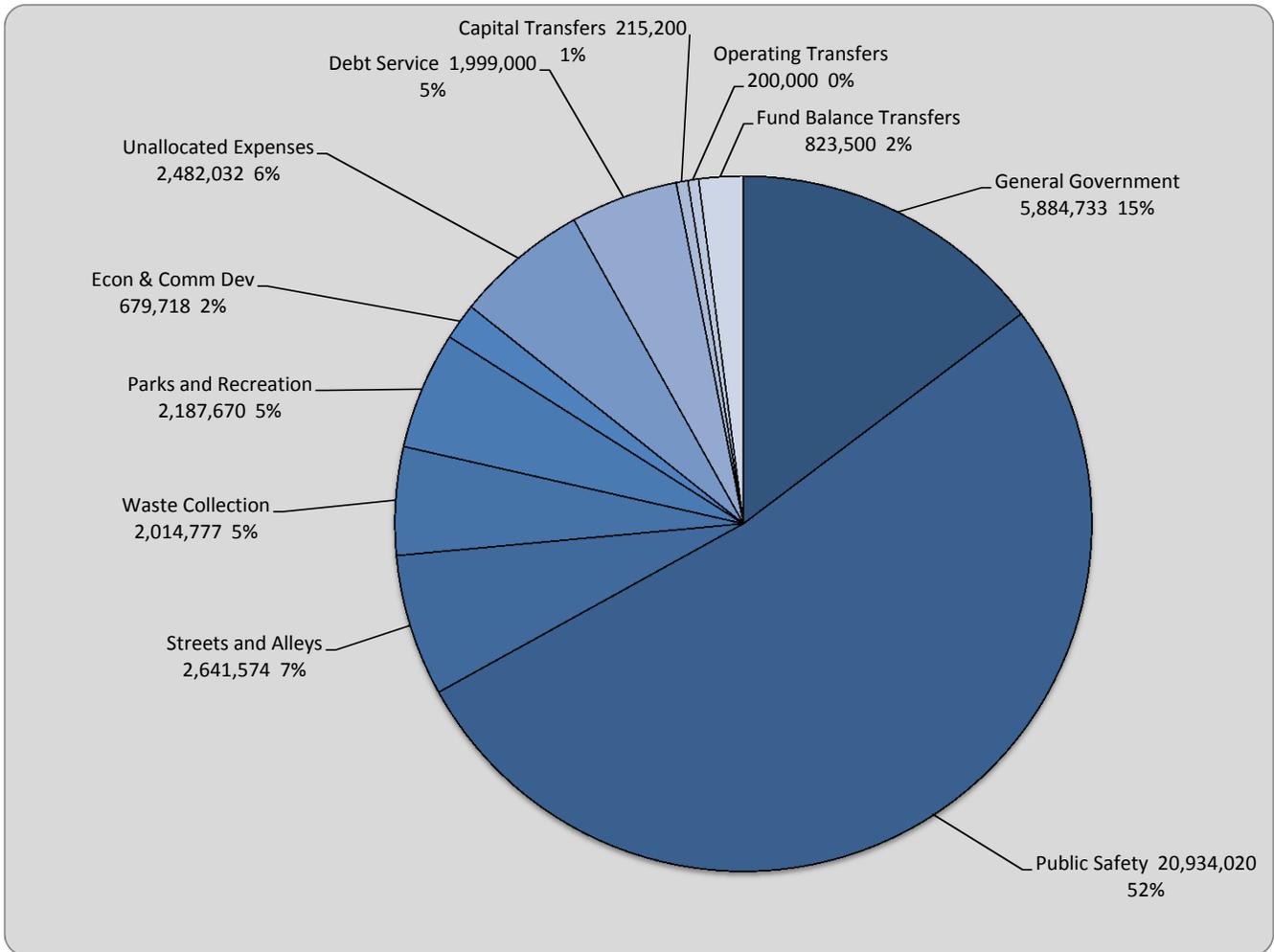
**GENERAL FUND REVENUES**



**GENERAL FUND EXPENDITURES**



CATEGORY OF EXPENDITURES  
FISCAL YEAR 2014/2015



**TOTAL PROPOSED FY15 BUDGET EXPENDITURES \$40,062,224**

REVENUES AND OTHER FINANCING SOURCES  
FISCAL YEAR 2014/2015

**REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>CURRENT REVENUES</b>					
Property Taxes	\$ 25,227,703	\$ 24,474,500	\$ 24,782,148	\$ 25,951,604	6%
State and County Shared Taxes	3,385,674	3,576,479	3,582,978	3,584,479	0%
Licenses and Permits	1,545,344	1,583,250	1,607,974	1,625,950	3%
Intergovernmental Revenues	241,766	539,980	478,874	504,379	-7%
Charges for Current Services	3,158,783	2,930,555	2,786,950	2,860,375	-2%
Fines and Forfeitures	1,659,538	1,653,135	1,795,452	1,899,516	15%
Unallocated General Revenues	2,753,381	2,566,435	2,530,456	2,528,070	-1%
<b>Total Current Revenues</b>	<b>\$ 37,972,189</b>	<b>\$ 37,324,334</b>	<b>\$ 37,564,832</b>	<b>\$ 38,954,373</b>	<b>4%</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers from Other Funds	\$ 299,125	\$ 565,250	\$ 625,000	\$ 285,000	-50%
Appropriated Fund Balance to Econ Redevelopment:Invest Hagerstown	-	-	15,000	235,000	0%
Appropriated Fund Balance to CIP Fund:Capital Expenditures	-	-	-	588,500	0%
<b>Total Other Financing Sources</b>	<b>\$ 299,125</b>	<b>\$ 565,250</b>	<b>\$ 640,000</b>	<b>\$ 1,108,500</b>	<b>96%</b>
<b>Total Ending Revenues and Other Financing Sources</b>	<b>\$ 38,271,314</b>	<b>\$ 37,889,584</b>	<b>\$ 38,204,832</b>	<b>\$ 40,062,873</b>	<b>6%</b>

PROPERTY TAX - ASSESSABLE BASE TABLE  
FISCAL YEAR 2013/2014

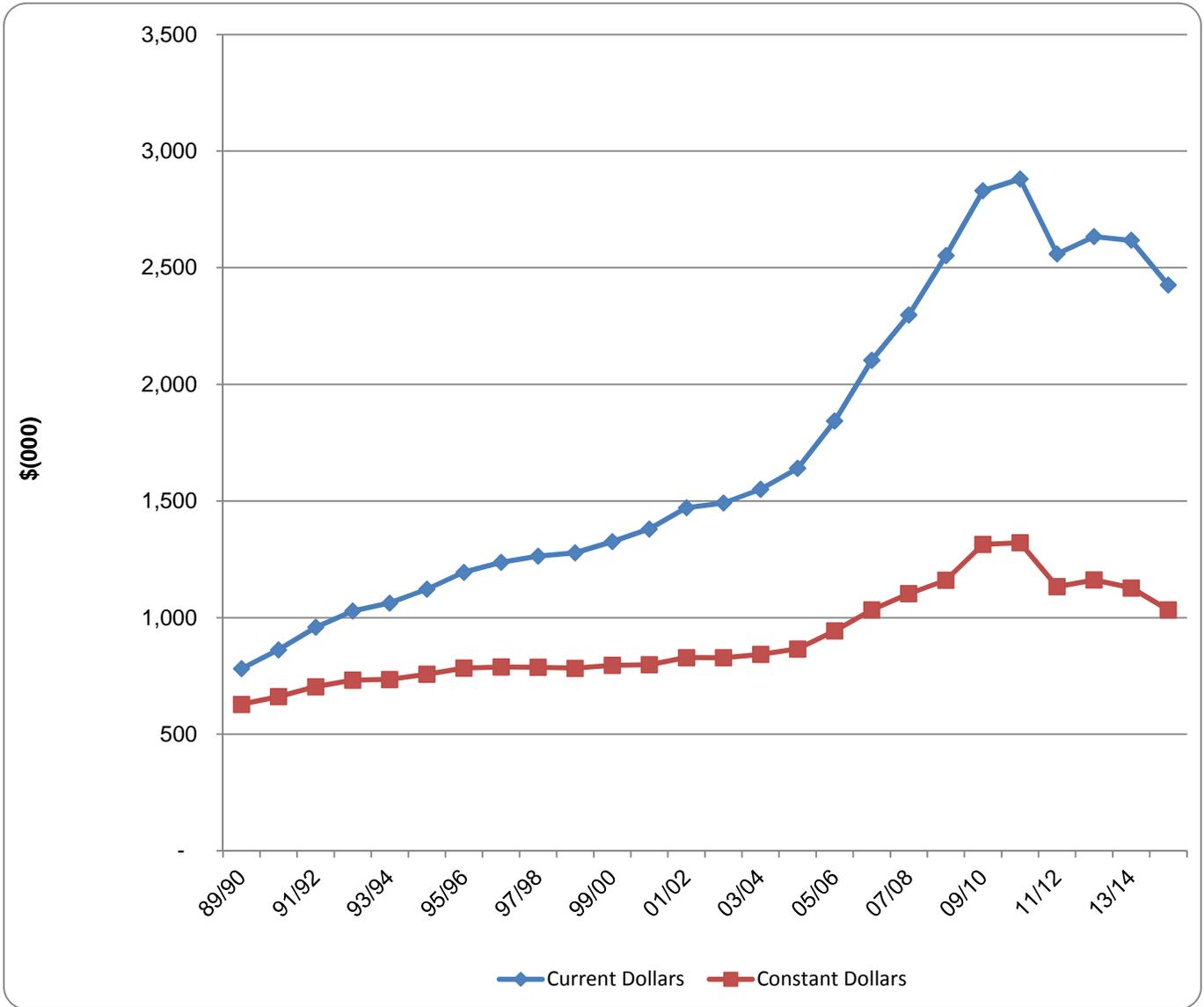
**CITY ASSESSABLE TAX BASE AND PROPERTY TAX REVENUE  
TRENDS AFTER ADJUSTING FOR CURRENT YEAR TAX  
CREDITS, ABATEMENTS, AND REFUNDS  
(TWENTY-FIVE YEAR HISTORY)**

	Assessable Base* (in millions)	Assessable Base - % Chg from Prior Yr	City Portion Only Real Estate Tax Rate*	Prop Tax Revenues (in thousands)	Property Taxes - % Chg from Prior Yr	Direct and Overlapping Tax Rates			
						City	County	State	Combined
Actual 1988/1989	716	7.0%	0.672	5,914	6.2%	0.672	0.852	0.084	1.608
Actual 1989/1990	782	9.2%	0.684	6,478	9.5%	0.684	0.852	0.084	1.620
Actual 1990/1991	862	10.3%	0.684	6,982	7.8%	0.684	0.852	0.084	1.620
Actual 1991/1992	959	11.2%	0.684	7,672	9.9%	0.684	0.884	0.084	1.652
Actual 1992/1993	1,028	7.3%	0.684	8,194	6.8%	0.684	0.884	0.084	1.652
Actual 1993/1994	1,063	3.3%	0.684	8,397	2.5%	0.684	0.884	0.084	1.652
Actual 1994/1995	1,122	5.6%	0.684	8,810	4.9%	0.684	0.884	0.084	1.652
Actual 1995/1996	1,195	6.5%	0.680	9,156	3.9%	0.680	0.884	0.084	1.648
Actual 1996/1997	1,237	3.6%	0.680	9,742	6.4%	0.680	0.884	0.084	1.648
Actual 1997/1998	1,264	2.2%	0.680	9,821	0.8%	0.680	0.924	0.084	1.688
Actual 1998/1999	1,278	1.1%	0.696	10,210	4.0%	0.696	0.924	0.084	1.704
Actual 1999/2000	1,326	3.8%	0.692	10,388	1.7%	0.692	0.924	0.084	1.700
Actual 2000/2001	1,380	4.0%	0.692	10,756	3.5%	0.692	0.948	0.084	1.724
Actual 2001/2002	1,471	6.6%	0.732	11,708	8.9%	0.732	0.948	0.084	1.764
Actual 2002/2003	1,491	1.4%	0.768	12,873	10.0%	0.768	0.948	0.084	1.800
Actual 2003/2004	1,550	3.9%	0.783	13,555	5.3%	0.783	0.948	0.132	1.863
Actual 2004/2005	1,640	5.8%	0.798	14,597	7.7%	0.798	0.948	0.132	1.878
Actual 2005/2006	1,843	12.4%	0.798	16,123	10.5%	0.798	0.948	0.112	1.858
Actual 2006/2007	2,103	14.1%	0.798	18,200	12.9%	0.798	0.948	0.112	1.858
Actual 2007/2008	2,297	9.2%	0.798	19,742	8.5%	0.798	0.948	0.112	1.858
Actual 2008/2009	2,552	11.1%	0.788	21,676	9.8%	0.788	0.948	0.112	1.848
Actual 2009/2010	2,830	10.9%	0.788	23,959	10.5%	0.788	0.948	0.112	1.848
Actual 2010/2011	2,881	1.8%	0.788	24,132	0.7%	0.788	0.823	0.112	1.723
Actual 2011/2012	2,559	-11.2%	0.788	21,386	-11.4%	0.788	0.823	0.112	1.723
Actual 2012/2013	2,634	2.9%	0.788	22,216	3.9%	0.788	0.823	0.112	1.723
<i>Projection 2013/2014</i>	<i>2,617</i>	<i>2.3%</i>	<i>0.788</i>	<i>21,967</i>	<i>2.7%</i>	<i>0.788</i>	<i>0.823</i>	<i>0.112</i>	<i>1.723</i>
<i>Projection 2014/2015</i>	<i>2,426</i>	<i>-7.3%</i>	<i>0.788</i>	<i>23,215</i>	<i>5.7%</i>	<i>0.898</i>	<i>0.823</i>	<i>0.112</i>	<i>1.833</i>
<i>Projection 2015/2016</i>	<i>2,489</i>	<i>2.6%</i>	<i>0.788</i>	<i>23,788</i>	<i>2.5%</i>	<i>0.898</i>	<i>0.823</i>	<i>0.112</i>	<i>1.833</i>

\* Assessable base and tax rates have been re-stated to reflect current practice of calculating property tax revenues over 100% of Estimated Actual Value.

<b>Each penny on the real estate tax rate generates additional revenue of</b>	<b>\$ 234,000</b>
<b>Each penny on the personal property tax rate generates additional revenue of</b>	<b>\$ 11,000</b>

ASSESSABLE BASE IN CURRENT AND  
CONSTANT DOLLARS (ADJUSTED FOR INFLATION - USING US DEPARTMENT OF LABOR CPI-U)  
FISCAL YEAR 2014/2015



PROPERTY TAXES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Current Year Levy	\$22,215,400	\$21,660,000	\$21,967,365	\$23,215,104	7.2%
Interest on Delinquent Taxes	169,794	222,000	125,000	125,000	-43.7%
Prior Years' Levy-Net	149,841	(100,000)	-	(80,000)	-20.0%
Payment in Lieu of Taxes	2,716,255	2,722,500	2,719,783	2,721,500	0.0%
Tax Discounts & Credits Allowed	(23,587)	(30,000)	(30,000)	(30,000)	0.0%
<b>Total Property Taxes</b>	<b>\$25,227,703</b>	<b>\$24,474,500</b>	<b>\$24,782,148</b>	<b>\$25,951,604</b>	<b>6.0%</b>

Revenues from property taxes are based on assessments established by the State Department of Assessment and Taxation. The real property tax rate for FY13 and FY14 was \$0.788 per \$100 dollars of assessed value and for business personal property it was \$1.970 per \$100 of assessed value. The proposed budget for FY15 includes an eleven cent tax rate increase as a result of the 7.8% decrease in the City's assessable base as reflected in the February Constant Yield Tax Rate Certification memo and due to increasing costs for wages and benefits.

The real property constant yield rate certified by the State for 2014/2015 which would generate the same dollar amount of gross real tax revenues, (before local property tax credits) is \$0.8554 per \$100 of assessed value which is \$0.0674 more than the City's current FY14 tax rate. A twenty-five year history of the change in the City's assessable tax base and property tax revenues is available on Page 6. In addition, the City tax rate was last increased in FY 2004/2005 and has remained unchanged since FY 2008/2009 when it was lowered one cent. Lastly, the Mayor and City Council took action along with Washington County to limit the maximum annual growth in assessments on owner occupied residential real estate to 5%. The cap had been 10%, which is still the maximum cap for State tax purposes.

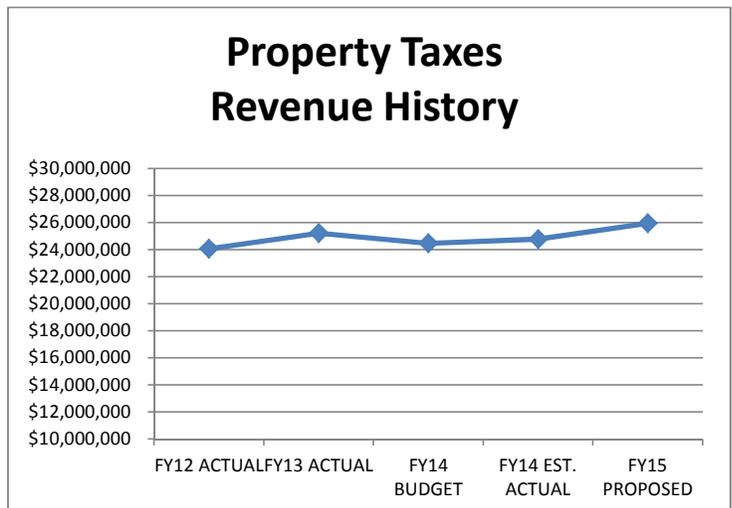
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The estimated actual for FY14 when compared with the FY14 budget is expected be about 1.3% more than originally budgeted or \$307,648. Personal property tax related to business personal property is expected to be slightly higher than originally budgeted for FY14. The original budget for business personal property tax revenue was \$2.13 million and it is estimated that revenue for FY14 will be \$2.24 million. Additionally, real estate tax revenue is estimated to increase over FY14 budget by \$200,238.

FY14 to Proposed FY15

Overall, the proposed property tax revenue for FY15 is expected to increase by \$1.48M when compared to the FY14 budget. As mentioned previously, the real estate tax re-assessment in December 2013 declined 7.8%, another significant impact on the City, after the 11.2% drop in December 2010. As a result of this second significant decrease in the City's assessable base, the FY15 proposed budget includes the first tax rate increase since FY05. It is important to note that even with the to the citizens remains lower than the same combined total tax rate in place in FY10. This information and details are included in the chart on page 6 of Section 3. The proposed tax rate increase is necessary to maintain current revenue levels and cover increasing expenditures. The City's workers compensation rate is anticipated to almost double beginning in FY15. The City has continued to provide the same services during the past three years with much less revenue. Moving forward, a revenue increase is needed to provide all of these same services and cover the increasing costs of providing these services. The increasing costs are reflected in salaries, workers compensation, employer paid pension costs, employer paid health insurance costs for active and retired employees, and maintenance contracts and repairs.



STATE & COUNTY SHARED TAXES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Income Tax	\$ 2,305,374	\$ 2,265,000	\$ 2,305,000	\$ 2,305,000	1.8%
Admissions & Amusement Tax	206,234	200,000	200,000	200,000	0.0%
Financial Corporations	34,214	34,214	34,214	34,214	0.0%
Enterprise Zone Tax Credits	101,850	102,000	86,976	87,000	-14.7%
Room Tax - Tourism Promotions	165,898	172,000	165,000	165,000	-4.1%
Police Protection	516,752	750,000	738,523	740,000	-1.3%
State Aid For Fire Service	55,352	53,265	53,265	53,265	0.0%
Highway User Revenues	-	-	-	-	0.0%
<b>Total State &amp; County Shared Taxes</b>	<b>\$ 3,385,674</b>	<b>\$ 3,576,479</b>	<b>\$ 3,582,978</b>	<b>\$ 3,584,479</b>	<b>0.2%</b>

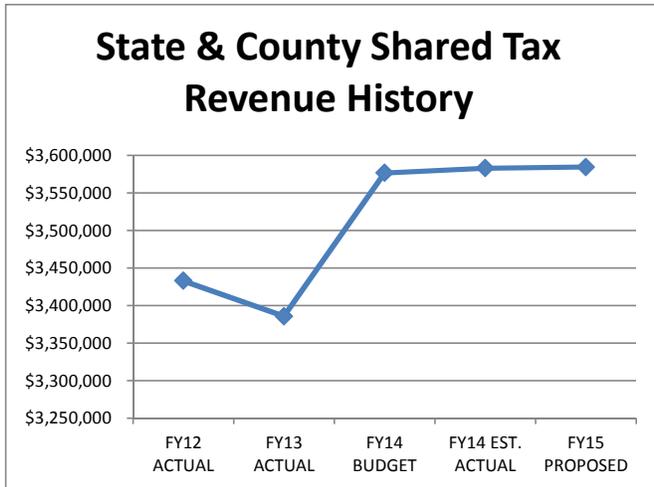
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The estimated actual for FY14 when compared with the FY14 budget is expected to increase slightly by 0.2% (about \$6,500) as a result of a better than anticipated growth in the local share of State Income Tax Revenue. The anticipated increase in Income Tax offsets the decreases estimated in Enterprise Zone tax credits, Police Aid for Protection funding, and the city portion received for Hotel/Motel Tax Revenue (Room Tax). The adjustments were made to better reflect actual revenue trends through February in those revenues for FY14.

FY14 to Proposed FY15

Overall, the proposed budget for FY15 State & County Shared Revenues is expected to increase by 0.2%. The same trends occurring in FY14 are expected to continue into FY15. The increase is driven by an estimated 1.8% in State Income Tax Revenue or \$40,000. Decreases are anticipated to remain in the following areas: Enterprise Zone tax credits (\$15,000) due to slow economic growth; Hotel/Motel Tax Revenue or Room Tax (\$7,000); and Police Aid for Protection funding (\$10,000).



In FY11, the City experienced significant reductions in Shared Tax Revenue due to the elimination of the County Tax Differential revenue sharing (began in FY10), and a decrease of approximately \$1.8 million in Highway User Revenue from the State.

As the current graph indicates, revenues are beginning to show growth. Beginning in FY14, there is a growth in the combined State Shared revenue base by 9% over FY11 total amounts of \$3.3M to FY15 proposed amounts of almost \$3.6M. This growth is a result of restoration from the State Aid for Police Protection program. Even with the current growth trend, the combined State Shared revenue remains significantly lower than historical amounts due to the elimination of the County Tax Differential revenue sharing from the County.

LICENSES & PERMITS - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Traders Licenses	\$ 135,606	\$ 100,000	\$ 100,000	\$ 100,000	0.0%
Distilled Spirits	7,084	7,500	7,914	7,500	0.0%
Utility License Fee	14,500	14,000	14,560	14,500	3.6%
Vendor Permits from City Clerk	3,345	2,700	3,000	3,500	29.6%
Cable TV Franchise Fee	408,377	390,000	408,000	408,000	4.6%
General Construction Permits	15,280	1,000	1,000	1,000	0.0%
Street Digging Permits	72,814	60,000	70,000	70,000	16.7%
Curbs, Sidewalks, & Driveways	1,305	3,000	2,500	2,500	-16.7%
Storm Water Management Permits	-	2,000	500	1,000	-50.0%
Grading Permits	3,871	10,000	12,000	10,000	0.0%
Right of Way Permits	2,354	5,000	3,000	3,000	-40.0%
Building Permits (Fire)	26,264	33,000	31,000	33,000	0.0%
Fireworks Permits	2,250	2,500	2,500	2,500	0.0%
Blasting Permits	40	250	250	250	0.0%
Plumbing Dept-Licenses	7,885	6,000	7,000	8,000	33.3%
Contractor's Licenses	3,570	15,000	12,500	3,500	-76.7%
Electrical Licenses	26,305	6,000	6,000	26,500	341.7%
Residential Rental Licenses	416,900	420,000	420,000	425,000	1.2%
Uncollected- Residl	(17,311)	-	-	-	0.0%
Building Permits	104,973	130,000	140,000	140,000	7.7%
Plumbing Permits	68,877	75,000	75,000	75,000	0.0%
Electrical Permits	95,364	110,000	100,000	100,000	-9.1%
Mechanical Permits	46,120	45,000	45,000	40,000	-11.1%
Sewer Connection Inspection Fees	-	-	-	1,500	100.0%
Pre-Sale Code Inspection	-	200	200	200	0.0%
Re-Inspection Fee	550	500	750	500	0.0%
Property Abatement Billings -Engineering	(6,400)	5,000	5,000	5,000	0.0%
Property Abatement Billings -Code	53,774	95,000	95,000	105,000	10.5%
Vacant Residential Structure Fee	10,801	5,000	6,000	5,000	0.0%
Vacant Commercial Structure Fee	-	-	-	-	0.0%
Admin Fee for Excise Tax	2,737	4,000	2,500	2,500	-37.5%
Secure Vacant Structure Fee	2,080	600	1,800	1,500	150.0%
Technology Fee	36,029	35,000	35,000	30,000	-14.3%
<b>Total Licenses and Permits</b>	<b>\$ 1,545,344</b>	<b>\$ 1,583,250</b>	<b>\$ 1,607,974</b>	<b>\$ 1,625,950</b>	<b>2.7%</b>

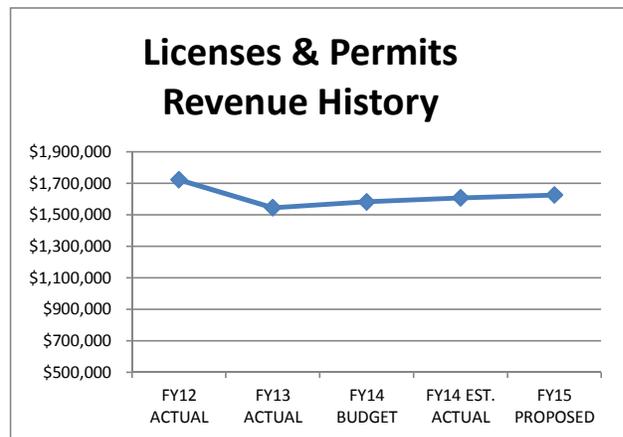
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The 1.6% increase or \$24,724 from the FY14 estimated actual to the FY14 budget is primarily due to increases in Cable Franchise fees, Street Digging Permits, and Building Permits with an offsetting decrease in Electrical Permits.

FY14 to Proposed FY15

Overall, the proposed budget for FY15 is expected to increase by 2.7% or approximately \$43,000 over the FY14 budget. Cable Franchise fees and several permits (Building and Street Digging) are estimated to rise above current FY14 budget amounts. Contractor's license revenue is expected to decrease by \$11,500 as result of issuing these licenses every other year instead of annually. Last, there is an increase in Electrical Licenses which reflects the impact of issuing electrical licenses every other year rather than annually.



INTERGOVERNMENTAL REVENUES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Heritage Area Planning Grant	\$ -	\$ 500	\$ -	\$ -	-100.0%
School Resource Officer/Youth Prevention	188,759	187,500	187,500	187,500	0.0%
Public Function Revenues	28,557	28,557	30,105	30,105	5.4%
Federal Grant - Operating	24,450	323,423	261,269	286,774	-11.3%
<b>Total Intergovernmental</b>	<b>\$ 241,766</b>	<b>\$ 539,980</b>	<b>\$ 478,874</b>	<b>\$ 504,379</b>	<b>-6.6%</b>

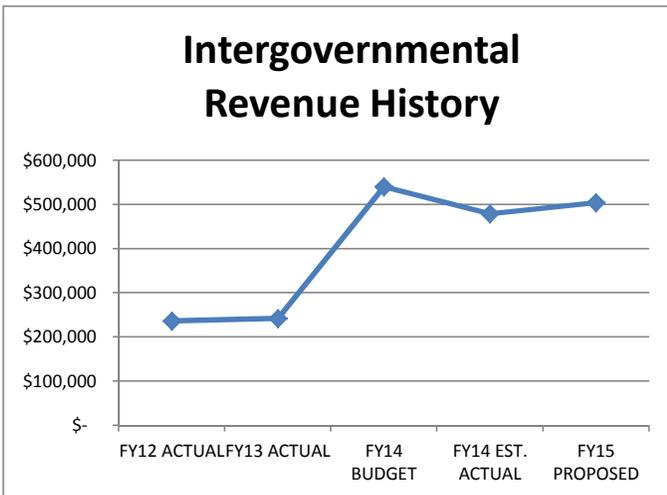
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The estimated actual for FY14 is expected to be 11.3% or \$61,106 lower than originally budgeted in FY14 due to the timing delay of hiring five (5) sworn police officers. The Hagerstown Police Department (HPD) has received Federal grant monies for up to five (5) sworn police officers over a three (3) year period with (2) years of employment retention for a total of five (5) years. However, some of these five positions currently remain vacant reflected by less than anticipated federal grant reimbursement money.

FY13 to Proposed FY14

Overall, the proposed budget for FY15 is expected to be 6.6% or \$35,601 less than FY14 budget. HPD currently has approval for two separate COPS Hiring grants. The federal reimbursement for both of these grants will be over a three year period and will be a declining reimbursement percentage each year. This decrease federal grant revenue is attributable to these COPS Hiring Program grants.



The graph to the left depicting Intergovernmental revenue history shows increasing revenue of approximately \$268,000 from FY12 actual revenues of \$236,000 to FY14 proposed budget revenues of \$504,000. The increase in revenue is a result of the new COPS Hiring grants secured by HPD, which are reflected in FY14 and FY15 budget data.

CHARGES FOR CURRENT SERVICES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13 ACTUAL	2013/14		2014/15 PROPOSED	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
Refuse Collection Fees	\$ 2,478,721	\$ 2,264,000	\$ 2,244,000	\$ 2,264,000	0.0%
Other Service Charges	411,045	389,420	271,868	333,720	-14.3%
Public Function Revenues	218,465	211,000	219,382	204,780	-2.9%
Swimming Pool	50,552	66,135	51,700	57,875	-12.5%
<b>Total Charges for Current Services</b>	<b>\$ 3,158,783</b>	<b>\$ 2,930,555</b>	<b>\$ 2,786,950</b>	<b>\$ 2,860,375</b>	<b>-2.4%</b>

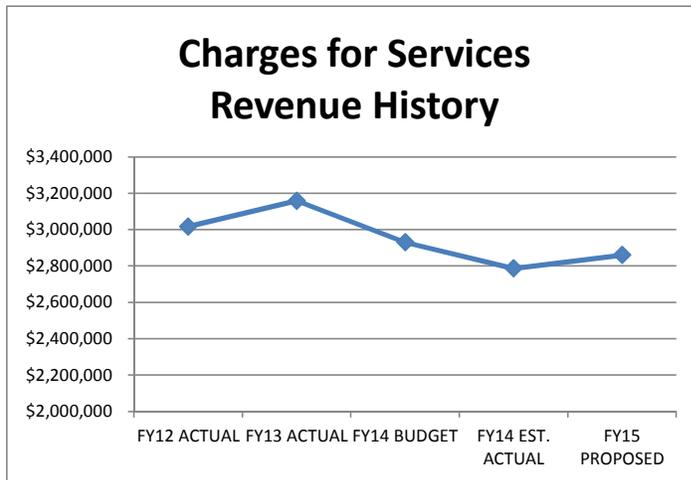
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Overall, estimated actual revenue for FY14 is anticipated to decrease by 4.9% when compared with the FY14 budget. Refuse collections fees reflect a decrease of 0.9% or \$20,000 over FY14 budget estimates. There are four primary reasons for this decrease in Other Service Charges: Police Security Services, Fire Suppression Billings, and Code Administration Late Fees, and various departmental insurance reimbursements. All three of these services were overestimated in the FY14 budget based on historical trends but have been updated to reflect current FY14 actual trends. Additionally, the revenue for the municipal pool (Potterfield Pool) has been revised and reflects a decrease by 21.8% or \$14,435 based on trends from FY13.

FY14 to Proposed FY15

For FY15, charges for current services reflect a slight decrease of 2.4% or \$70,180 over the budget for FY14. The decrease in Other Service Charges continues to reflect the current FY14 trends in Police Security Services, Fire Suppression Billings, and various departmental insurance reimbursements. Also, the revenue for Potterfield Pool continues to reflect a decrease over FY14 budget by 12.5% or \$8,260. There is new operational management for the pool starting in the Summer of 2014 and increases over FY13 actuals are expected.



FINES & FORFEITURES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Abatement Administrative Fees - Code Admin	30,867	25,000	28,000	30,000	20.0%
Confiscated Revenue	\$ (200)	\$ 10,835	\$ 11,122	\$ 6,836	-36.9%
Fire Code Violations	4,145	4,000	6,000	8,000	100.0%
Parking Tickets and Late Fees	15,030	15,600	9,680	8,980	-42.4%
Parking Tickets - Estimate for Uncollectible	(9,650)	-	-	-	0.0%
Municipal Infractions - Code Admin	59,372	40,000	40,000	45,000	12.5%
Municipal Infractions - City Engineering	-	200	200	200	0.0%
Municipal Infractions - Police Dept	(100)	-	200	-	0.0%
Municipal Infractions - Planning	-	300	150	300	0.0%
Safe Speed for Students Program and Late Fees	1,823,939	1,557,000	1,700,000	1,800,000	15.6%
Safe Speed for Students Program - Est Uncollect	(263,915)	-	-	-	0.0%
Tech Appeals Board Filing Fees	50	200	100	200	0.0%
<b>Total Fines and Forfeitures</b>	<b>\$ 1,659,538</b>	<b>\$ 1,653,135</b>	<b>\$ 1,795,452</b>	<b>\$ 1,899,516</b>	<b>14.9%</b>

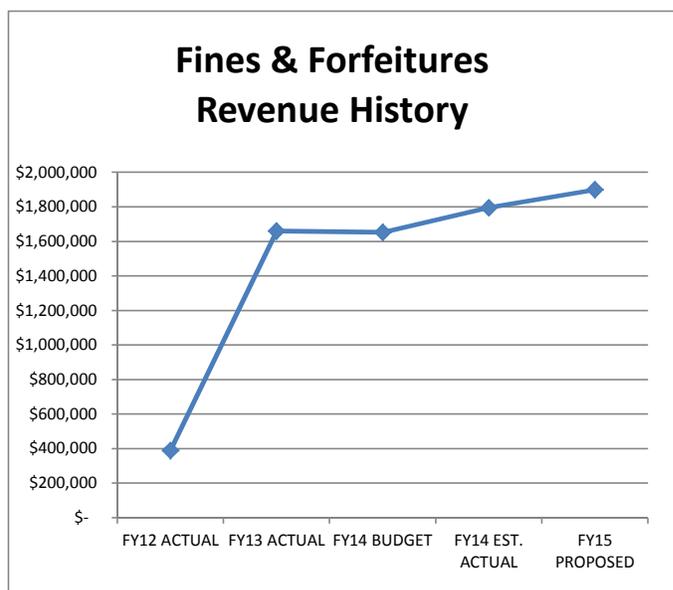
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Estimated actual revenue for FY14 is expected to be over budget by 8.6% or \$142,317. At the time the FY14 budget was prepared the Safe Speed for Students Program had not been in place for a full year and estimates were based on limited experience. FY14 estimated actuals reflect more updated data based on a combination of FY13 actuals and current FY14 trends. There are no other significant changes.

FY14 to Proposed FY15

The FY15 budget includes an overall increase of 14.9% or \$246,381 in Fines and Forfeitures revenues. The increase is a result of our public safety initiative in school zones (Safe Speed for Students Program). Currently, the program now has eleven (11) cameras in operation which is reflected in the FY15 budget. It is the goal of this program to change the public's driving behavior in school zones. As this program proceeds, it is anticipated that revenue will flatten and possibly decline in future years. Since the program is relatively new, the City is still gaining experience on projected revenues and costs for this program. There are no other significant changes.



UNALLOCATED GENERAL REVENUES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Administrative Allocation Revenues	\$ 2,031,000	\$ 2,107,000	\$ 2,031,000	\$ 2,031,000	-3.6%
Interest on Investments	30,400	35,000	30,000	35,000	0.0%
Rental Income	206,916	212,829	237,574	220,624	3.7%
Sale of Land & Other Assets	17,293	4,100	7,583	4,500	9.8%
Contributions & Donations	120,568	107,426	112,744	111,452	3.7%
Other General Revenue	347,204	100,080	111,555	125,494	25.4%
<b>Total Unallocated General Revenues</b>	<b>\$ 2,753,381</b>	<b>\$ 2,566,435</b>	<b>\$ 2,530,456</b>	<b>\$ 2,528,070</b>	<b>-1.5%</b>

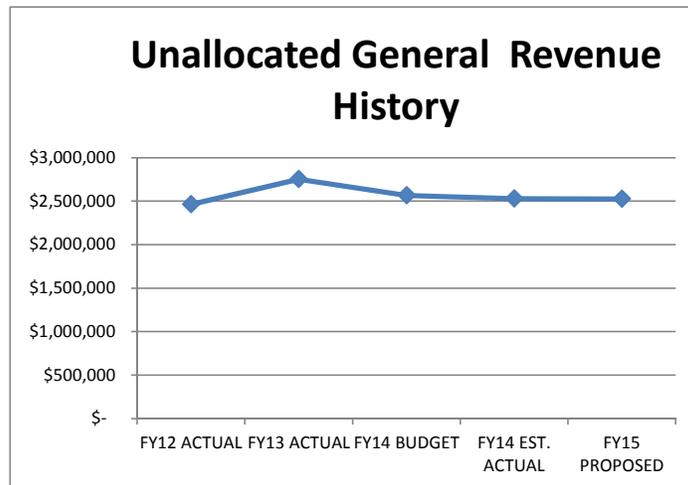
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The FY14 actual is projected to decrease over FY14 budget by 1.4% or \$35,979. The FY14 budget included an administrative allocation that will not occur during this fiscal year. Interest earned on investments is also now anticipated to be slightly lower than originally included in FY14 budget. This continued reduction is a reflection of the national economy and low interest rates.

FY14 to Proposed FY15

The proposed FY15 budget is anticipated to decrease over the FY14 budget by 1.5%. This decrease is primarily a result of no administrative allocation charge to the CDBG Fund. This decrease of \$76,000 is offset by an increase of \$25,414 or 25.4% in other general revenue. The increase in other general revenue is a result of newly implemented late fees on the garbage bills and the sale of City Center Dollars/certificates. Last, the FY14 budget continues to reflect the current trend of low interest amount earned on investments. Most of the investments for the City are held in Certificate of Deposits and by Maryland Local Government Investment Pool (MLGIP). As a result of the national economy, interest rates continue to remain fairly flat and is reflected in Interest on Investments.



TRANSFERS FROM OTHER FUNDS & OTHER FINANCING SOURCES - PROPOSED REVENUES  
FISCAL YEAR 2014/2015

DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Transfer from Flexible Spending Fund	\$ -	\$ 6,000	\$ -	\$ -	-100.0%
Transfer from Workers Comp Fund	250,000	250,000	250,000	-	-100.0%
Transfer from Economic Redevelopment Fund	19,875	-	-	-	0.0%
Transfer from Water Fund	-	250,000	250,000	-	-100.0%
Transfer from Health Insurance Fund	25,000	55,000	35,000	55,000	0.0%
Transfer from Property Management Fund	-	-	60,000	200,000	100.0%
Transfer from Telework Center Fund	-	-	-	-	0.0%
Transfer from CDBG Fund	4,250	4,250	30,000	30,000	605.9%
<b>Subtotal Transfers from Other Funds</b>	<b>\$ 299,125</b>	<b>\$ 565,250</b>	<b>\$ 625,000</b>	<b>\$ 285,000</b>	<b>-49.6%</b>
Loan Proceeds	-	-	-	-	0.0%
<b>Subtotal Transfers from Other Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Transfers from Other Funds &amp; Other Financing Sources</b>	<b>\$ 299,125</b>	<b>\$ 565,250</b>	<b>\$ 625,000</b>	<b>\$ 285,000</b>	<b>-49.6%</b>

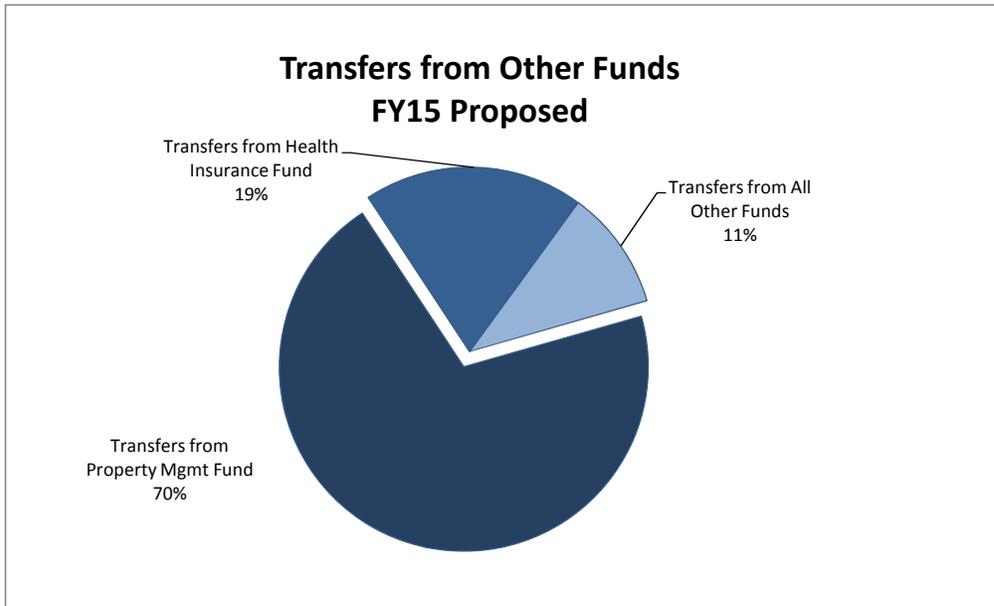
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Overall, estimated actual revenue for FY14 is expected to be 10.6% or \$59,750 higher than the FY14 budget. The FY14 estimated actuals includes a transfer to the General Fund from the Property Management Fund to cover funding committed as a grant to the Maryland Theatre from the sale proceeds of Willard Street property. The FY14 estimated actuals also includes a transfer from the CDBG Fund toward a part-time code inspector position that was approved after the FY14 budget was completed.

FY14 to Proposed FY15

FY15 proposed budget is estimated to decrease over FY14 budget as a result of no Water Fund dividend. After the FY14 budget was completed, the City revised the Enterprise Fund Dividend Transfer Policy. The revised policy now stipulates that Enterprise dividends will be transferred into the CIP Fund to be used only for non-recurring expenditures. Additionally, FY15 budget does not include a transfer from the Workers Compensation Fund to help cover operating expenses in the General Fund. These decreases are offset by a \$200,000 transfer from the Property Management Fund toward the remaining commitment to the Maryland Theatre. The total contribution to the Maryland Theatre is \$260,000 and spans two fiscal years (FY14 and FY15).



MAYOR - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Mayor is elected for a four year term to represent the City in all official capacities and provide leadership to the City Council and community at large. The Municipal Charter of Hagerstown states the Mayor shall be the chief elected executive officer of the City and shall see that the Ordinances of the City, provisions of the Charter, and City Council policies and resolutions are faithfully executed, preside over the Legislative branch, and report to the City Council on the condition of City affairs. The annual salary for the Mayor is established by Ordinance at \$28,000.

**DEPARTMENT / PROGRAM OBJECTIVES**

Objectives and initiatives include:

- Establish City priorities, goals, objectives and work plans for the next fiscal year with the City Council and City Administrator.
- Provide leadership and participate with the Maryland Municipal League, Tri-County Council, and other County, State, and Federal officials to develop and implement goals.
- Serve as spokesperson for City programs, services, and new initiatives.
- Represent the City at public events and functions.
- The Mayor and City Council typically hold 38 Work Session meetings along with 12 Regular Session meetings a year.
- A State of the City Address is delivered annually in March by the Mayor.
- The Mayor and City Council attend a number of meetings with civic associations. Some examples include the Hagerstown-Washington County Economic Development Commission, Chamber of Commerce, Greater Hagerstown Committee, and Hagerstown/Eastern Panhandle Metropolitan Planning Organization (HEPMPO).
- The Mayor and City Council hold public hearings throughout the year to provide the public with appropriate information as well as to receive the community's feedback and input.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Mayor and Council meetings	50	50	50
Average number of meetings representing City (e.g. board/commission)	24	35	35
Average number of community functions	25	25	25

MAYOR - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 46,657	\$ 46,327	\$ 46,327	\$ 47,068	1.6%
Benefits	10,812	14,225	14,377	15,224	7.0%
<b>Personnel Subtotal</b>	<b>57,469</b>	<b>60,552</b>	<b>60,704</b>	<b>62,292</b>	<b>2.9%</b>
Operating Expenditures	6,685	9,152	7,682	3,488	-61.9%
<b>Operating Subtotal</b>	<b>6,685</b>	<b>9,152</b>	<b>7,682</b>	<b>3,488</b>	<b>-61.9%</b>
<b>Total Expenditures</b>	<b>\$ 64,154</b>	<b>\$ 69,704</b>	<b>\$ 68,386</b>	<b>\$ 65,780</b>	<b>-5.6%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 64,154</b>	<b>\$ 69,704</b>	<b>\$ 68,386</b>	<b>\$ 65,780</b>	<b>-5.6%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

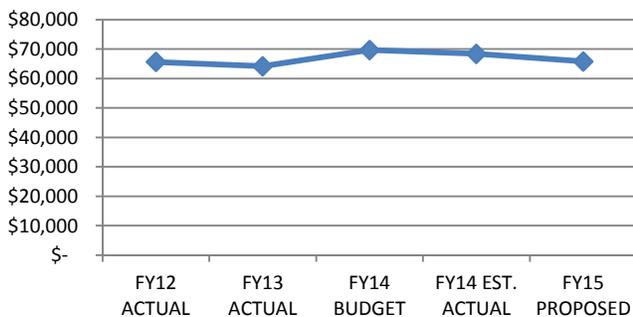
Adopted FY14 to Estimated Actual FY14

There are no significant changes.

FY14 to Proposed FY15

The 1.6 % increase in salary and wages reflects a 2% COLA in FY14 and in FY15 for city staff. This increase is only reflected for the partial City staff that is allocated here. There is a 7.0% or \$999 increase in benefits as a result of rising employer covered health insurance costs. Additionally, there is an offsetting decrease in operating expenditures which is attributable to removing departmental costs for conference and seminar fees, and related travel for staff professional development. Minimal conference fees, training, and all related travel for staff professional development has been included in the FY15 proposed budget and all general fund expenditures of this nature will be maintained in Human Resources. The FY2013/14 budget

**Total Expenditures  
History**



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	0.34	0.34	0.34	0.33
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.33</b>

The Mayor's position is a part-time position. A full-time Executive Assistant position is shared between three departments including the Mayor, Administration, and the City Clerk.

CITY COUNCIL - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Mayor and Council serve as the legislative and policy making body of the Municipal Government, having responsibilities for enacting city ordinance, appropriating funds to conduct city business, and providing policy direction to the administrative staff.

The City Charter of Hagerstown states that the legislative powers of the City shall be bested in a Council consisting of five members elected for a four-year term. The annual salary for each Councilmember is established by ordinance at \$8,000.

**DEPARTMENT / PROGRAM OBJECTIVES**

- To develop and approve policies which focus on the last approved Strategic Plan which identified the following Focus Areas:
  - A Prosperous Community
  - A Vibrant, Active and Livable Community
  - A Safe and Healthy Community
  - An Innovative and Sustainable Government
  
- To strengthen the City's financial position both internally as an organization and externally as a partner with other community entities programs/processes and developing and implementing new sources of revenue that are aligned with a Strategic Plan and long-term goals and visions.
  
- To provide the citizenry with amenities and facilities which are well-maintained, aesthetically pleasing and complimentary to the City's infrastructure and landscape. These community assets should also provide a vehicle in which to market the City to new residents, businesses, and visitors as well as to retain existing members of the community.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Mayor and Council meetings	50	50	50
Average number of meetings representing City (e.g. board/commission)	30	24	30
Average number of community functions attended representing the City	25	25	25

CITY COUNCIL - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 40,001	\$ 40,000	\$ 40,000	\$ 40,000	0.0%
Benefits	27,069	23,921	24,981	26,602	11.2%
<b>Personnel Subtotal</b>	<b>67,070</b>	<b>63,921</b>	<b>64,981</b>	<b>66,602</b>	<b>4.2%</b>
Operating Expenditures	38,780	49,406	46,126	33,038	-33.1%
<b>Operating Subtotal</b>	<b>38,780</b>	<b>49,406</b>	<b>46,126</b>	<b>33,038</b>	<b>-33.1%</b>
<b>Total Expenditures</b>	<b>\$ 105,850</b>	<b>\$ 113,327</b>	<b>\$ 111,107</b>	<b>\$ 99,640</b>	<b>-12.1%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 105,850</b>	<b>\$ 113,327</b>	<b>\$ 111,107</b>	<b>\$ 99,640</b>	<b>-12.1%</b>

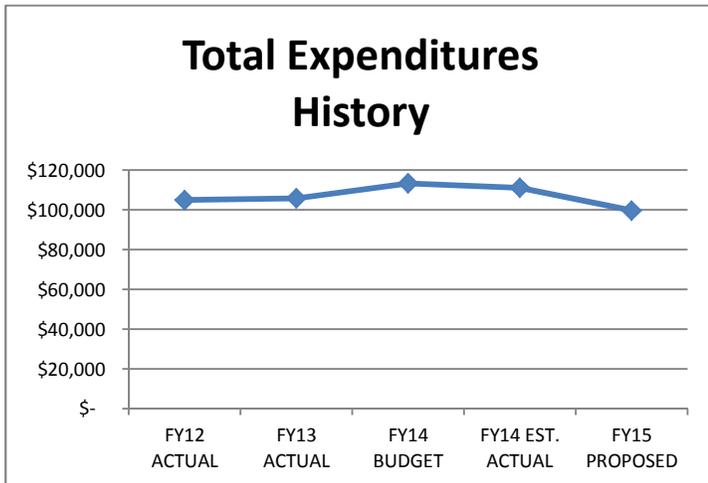
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY 14

No significant changes.

FY14 to Proposed FY 15

There is an 11.2% or \$2,681 increase as a result of rising employer covered health insurance costs. Additionally, there is an offsetting decrease in operating expenditures which is attributable to removing departmental costs for conference and seminar fees, and related travel for staff professional development. Minimal conference fees, training, and all related travel for staff professional development has been included in the FY15 proposed budget and all general fund expenditures of this nature will be maintained in Human Resources. The FY2013/14 budget included an anticipated trip to Wesel, Germany.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	5.00	5.00	5.00	5.00
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

Elected officials are counted separate from staffing levels for city departments and operations.

REGISTRATION AND ELECTIONS - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The City Charter requires a primary and general election every four years for the Mayor and five City Councilmembers. The election schedule coincides with the Presidential Election. The Washington County Board of Elections conduct the election, in accordance with provisions of the State of Maryland. The Primary Election was held on April 3, 2012 and the General Election was held on November 6, 2012. Newly elected Mayor and Councilmembers took office November 26, 2012. Voter turnout in the General Election was 67%. Voter turnout in the previous General Election (2009) was 15%.

**PERFORMANCE INDICATORS**

	<b>2005</b>	<b>2009</b>	<b>2012</b>
Number of Candidates Filing	19	25	15
Number of Registered Voters at General Election	18,906	20,969	20,898
Number of Registered Voters at Primary Election	15,543	16,814	15,504
Number Voting in General Election	4,440	3,173	14,095
Number Voting in Primary Election	2,365	1,988	4,062

REGISTRATION AND ELECTIONS - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13		2013/14		2014/15	2014/15	
	ACTUAL		BUDGET	EST. ACTUAL	PROPOSED	% CHANGE	
<b>EXPENDITURES BY TYPE</b>							
Salary and Wages	\$	-	\$	-	\$	-	0.0%
<b>Personnel Subtotal</b>		-		-		-	<b>0.0%</b>
Operating Expenditures		-		-		-	0.0%
<b>Operating Subtotal</b>		-		-		-	<b>0.0%</b>
<b>Total Expenditures</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>0.0%</b>
<b>REVENUES BY TYPE</b>							
Departmental Revenue	\$	-	\$	-	\$	-	0.0%
<b>Total Revenues</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>0.0%</b>

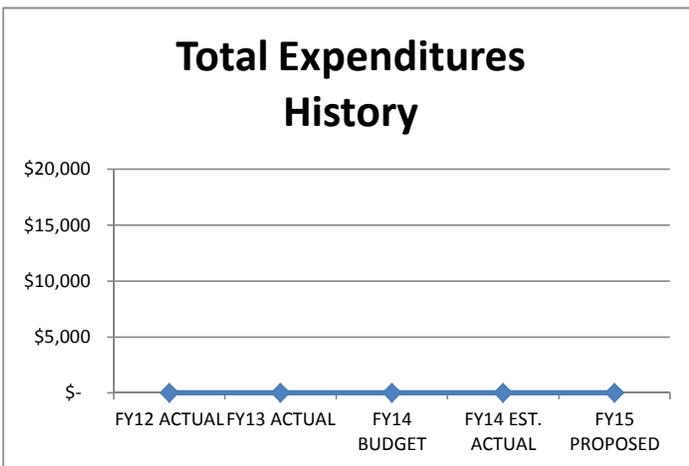
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*

No changes occurred.

*FY14 to Proposed FY15*

There is no proposed FY15 budget as another election will not occur until November 2016.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	0.00	0.00	0.00	0.00
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### **DEPARTMENT / PROGRAM OVERVIEW**

The City Administrator serves as the Chief Administrative Officer for the City of Hagerstown and is appointed by the Mayor and City Council. The City Administrator develops and coordinates the preparation of staff information, recommendations, and presentations to the Mayor and Council and manages the staff's follow thru on Mayor and Council's legislative actions, decisions, and direction. Primary responsibilities include the preparation of the City's annual proposed budget, day-to-day management of City operations, and providing guidance and support for City departments to achieve goals consistent with the Mayor and Council's priorities, and meet the requirements of the City Code and Charter. The City Administrator in coordination with staff formulates programs and recommendations designed to address community needs and interacts with citizens, community organizations, and other governmental representatives on issues of interest to the community. The City Administrator reports to the Mayor and Council providing assistance and support to City elected officials. The City Administrator is responsible for promoting excellence and effectiveness in City operations, progressive programs and actions, and strong professionalism and ethical behavior within the organization.

### **DEPARTMENT / PROGRAM OBJECTIVES**

Objectives and initiatives include:

- To develop information and recommendations that enable the Mayor and Council to make informed decisions related to the community and City government.
- To coordinate with Department Heads on the completion of goals in accordance with the City's Strategic Plan and Mayor and Council priorities for Hagerstown.
- To develop financial strategies and plans along with adjustments to operations in response to the on-going impact of the economic recession on Hagerstown's finances.
- To develop programs and recommendations that address community needs related to public safety, neighborhood vitality, public infrastructure, downtown revitalization, and economic development.
- To provide staff support in accordance with the Mayor & City Council's goals that incorporate new technologies and service delivery approaches into City operations.
- To promote professional and ethical operations combined with a strong organizational commitment to providing excellent community based services.
- To build strong community partnerships based on citizen involvement, interaction with local institutions, business leaders, and other levels of government with a strong focus on unified strategies that lead to a better Hagerstown.

### **PERFORMANCE INDICATORS**

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The City Administrator prepares and presents:

- Annual reports to Mayor and Council on prior calendar year accomplishments and current year departmental goals by March 1st.
- The proposed budget by March 31st.
- Approximately 50 agenda and information packets for Mayor and City Council meetings throughout the year.
- A Weekly Status and Information Report on City operations to M

The City Administrator also supports:

- The completion of goals and objectives identified as Mayor and Council priorities.
- The reporting of the condition of City finances to the Mayor and City Council.

CITY ADMINISTRATOR - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 160,755	\$ 160,733	\$ 160,733	\$ 166,953	3.9%
Benefits	31,773	31,212	35,418	37,830	21.2%
<b>Personnel Subtotal</b>	<b>192,528</b>	<b>191,945</b>	<b>196,151</b>	<b>204,783</b>	<b>6.7%</b>
Operating Expenditures	11,041	12,258	12,879	10,369	-15.4%
Capital Outlay	-	-	-	-	0.0%
<b>Operating Subtotal</b>	<b>11,041</b>	<b>12,258</b>	<b>12,879</b>	<b>10,369</b>	<b>-15.4%</b>
<b>Total Expenditures</b>	<b>\$ 203,569</b>	<b>\$ 204,203</b>	<b>\$ 209,030</b>	<b>\$ 215,152</b>	<b>5.4%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 203,569</b>	<b>\$ 204,203</b>	<b>\$ 209,030</b>	<b>\$ 215,152</b>	<b>5.4%</b>

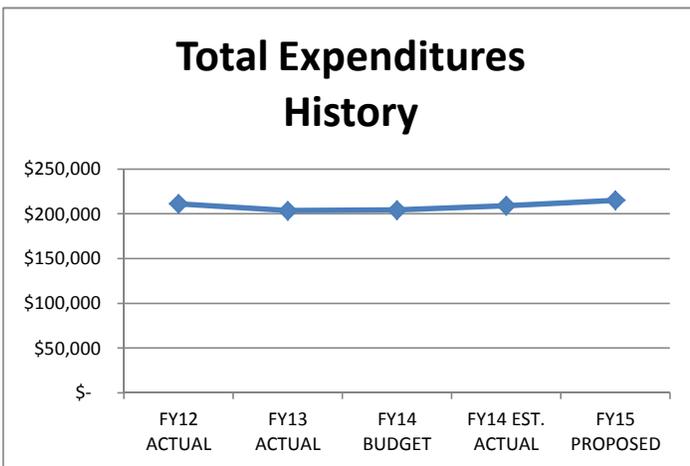
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*

No significant changes were noted.

*FY14 to Proposed FY15*

Total personnel expenditures from the FY14 budget to the FY15 proposed budget reflect an increase of 6.7% or \$12,838. This reflects an anticipated 8% increase in health insurance cost plus the inclusion of insurance costs excluded from the FY14 Budget. There are no new benefits or increased benefits in FY15. The 3.9 % increase in salary and wages reflects a 2% COLA in FY14 and in FY15. Operating expenditures are expected to decrease by \$1,889. The decrease in operating expenditures is attributable to removing departmental costs for conference and seminar fees, and related travel for staff professional development. Minimal conference fees, training, and all related travel for staff professional development has been included in the FY15 proposed budget and all general fund expenditures of this nature will be maintained in Human Resources.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	1.33	1.33	1.33	1.33
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>1.33</b>	<b>1.33</b>	<b>1.33</b>	<b>1.33</b>

CITY CLERK - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The City Clerk's office is the central location/repository for official City of Hagerstown government documents. The City Clerk serves both as a resource and support for members of the Mayor and Council. The office is a frequent first contact for citizens and provides a strong support role for City staff and operations.

The City Clerk attends all meetings and prepares minutes. Weekly agendas and meeting packets are prepared by the City Clerk's office.

The City Clerk's office issues a variety of permits, including Auctioneer Licenses, Peddler's Permits, and Parade Permits.

**DEPARTMENT / PROGRAM OBJECTIVES**

- To support the Mayor and Council's Strategic Plan, Focus Area, Innovative and Sustainable Government, the weekly meeting packet is available to all Mayor and Council members, staff members, and media by using a meeting management system, which was implemented in FY13. Citizens and all interested persons with electronic access may gain access to the weekly meeting packet by visiting the City's website. There they can view, download and/or print the agenda and all supporting documents.
- Peddler Regulations were revised during FY2013/14. The permitting requirements for traveling vendors within the City limits were approved by the Mayor and City Council in November of 2013 and went into effect January 1, 2014. These regulations reflect current practices and trends. The fee structure, established in 1992, was also revised. The regulations include language intended to protect existing businesses as well as traveling merchants.
- The City Clerk is the staff liaison for the City Ethics Commission. The Commission met four times in 2014. The Commission filed the required annual Certification with the State Ethics Commission in October of 2013.
- Updating the 1999 Record Retention Plan and electronic images of documents will provide greater access to official City records. An archival plan for records will also eliminate the need for large amounts of storage space.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Ordinances Processed	25	23	37
Number of Resolutions Processed	40	42	41
Number of Licenses and Permits Issued	117	110	122
Number of Mayor and Council meetings processed	50	50	50

CITY CLERK - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 99,374	\$ 98,215	\$ 98,215	\$ 102,356	4.2%
Benefits	25,386	29,567	29,240	30,568	3.4%
<b>Personnel Subtotal</b>	<b>124,760</b>	<b>127,782</b>	<b>127,455</b>	<b>132,924</b>	<b>4.0%</b>
Contractual Services	5,195	2,000	4,000	4,000	100.0%
Operating Expenditures	18,219	17,445	15,289	15,627	-10.4%
Capital Outlay	-	1,500	1,348	-	-100.0%
<b>Operating Subtotal</b>	<b>23,414</b>	<b>20,945</b>	<b>20,637</b>	<b>19,627</b>	<b>-6.3%</b>
<b>Total Expenditures</b>	<b>\$ 148,174</b>	<b>\$ 148,727</b>	<b>\$ 148,092</b>	<b>\$ 152,551</b>	<b>2.6%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 160,534	\$ 124,200	\$ 125,474	\$ 125,500	1.0%
<b>Total Revenues</b>	<b>\$ 160,534</b>	<b>\$ 124,200</b>	<b>\$ 125,474</b>	<b>\$ 125,500</b>	<b>1.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (12,360)</b>	<b>\$ 24,527</b>	<b>\$ 22,618</b>	<b>\$ 27,051</b>	<b>10.3%</b>

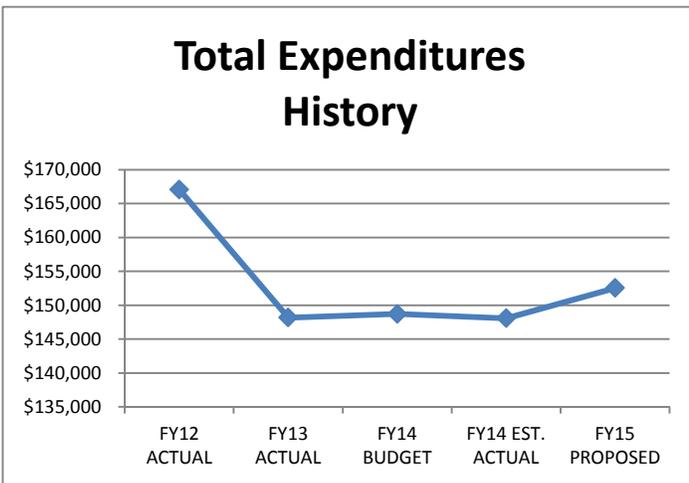
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Overall departmental revenue is slightly higher than FY2013/14 budget due to a change in vendor permits. Peddler, Vendor and Transient Dealer fees were increased effective January 1, 2014. There are no other significant or material variances.

FY14 to Proposed FY15

There is an overall increase in total personnel costs from FY2013/14 budget, which includes a 2% COLA received during current FY2013/14 plus a proposed COLA in FY2014/15 budget in salaries. There is a 3.4% or \$1,001 increase in benefits as a result of rising employer covered health insurance costs. Overall departmental revenue is slightly higher in the FY2014/15 proposed budget and includes new fee structure for peddler and vendor fees described above.



**STAFFING SUMMARY**

	FY14			FY15
	FY13	Budg	Est Act	
Full time	1.33	1.33	1.33	1.34
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>1.33</b>	<b>1.33</b>	<b>1.33</b>	<b>1.34</b>
Part time	0.00	0.50	0.50	0.50
<b>Total Part time</b>	<b>0.00</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

The City Clerk shares one part-time Communications Staff Assistant position with Department of Community & Economic Development

LEGAL - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Legal Department assists City staff with the interpretation of City, State, and Federal laws as they pertain to City services, draft contracts, deeds, leases, ordinances and resolutions. Additionally, they are responsible for defending the City in litigation matters.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Provide specialized services for the Human Resources Department for handling personnel matters.
- Provide advice on law enforcement issues to the Police Department, and provide representation at internal hearings and other litigation.
- Provide the Utility Departments with advice regarding the purchase of property, general representation and other litigation.
- Provide the Property Management Department with advice on leases and facilities management.
- Provide the Community Development Block Grant department with representation for loan settlements.
- Provide all City departments with assistance in the collection of delinquent accounts by processing legal claims for nonpayment.
- The current franchise agreement with a local cable television company was to expire November 1, 2013, however was extended to May 1, 2014 in order to allow contract negotiations to continue. Legal assistance will be required to ensure that the City's current needs are taken into consideration.

**PERFORMANCE INDICATORS**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Number of Ordinances Processed	<b>23</b>	<b>25</b>	<b>37</b>
Number of Resolutions Processed	<b>42</b>	<b>45</b>	<b>41</b>
Number of Approved Contracts and Agreements	<b>75</b>	<b>75</b>	<b>75</b>

LEGAL - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

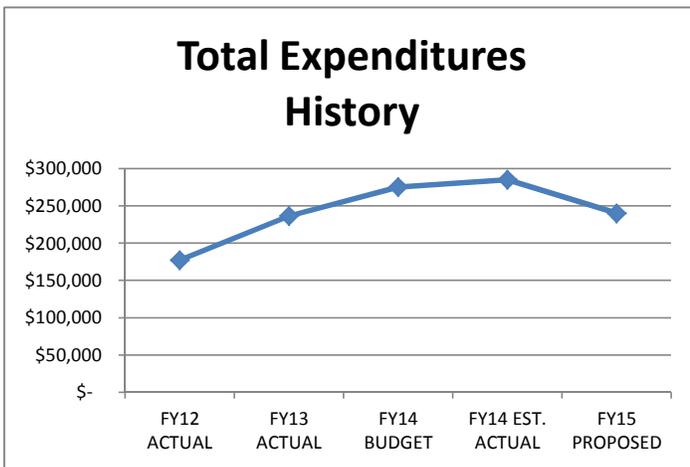
	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Personnel Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Contractual Services	230,783	270,000	280,000	235,000	-13.0%
Operating Expenditures	5,672	5,000	5,000	5,000	0.0%
<b>Operating Subtotal</b>	<b>236,455</b>	<b>275,000</b>	<b>285,000</b>	<b>240,000</b>	<b>-12.7%</b>
<b>Total Expenditures</b>	<b>\$ 236,455</b>	<b>\$ 275,000</b>	<b>\$ 285,000</b>	<b>\$ 240,000</b>	<b>-12.7%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 236,455</b>	<b>\$ 275,000</b>	<b>\$ 285,000</b>	<b>\$ 240,000</b>	<b>-12.7%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*  
No significant changes were noted.

*FY14 to Proposed FY15*

There is a decrease of 13.0% or \$35,000 in proposed FY2014/15 budget compared to FY2013/14. In the current year FY2013/14, there are ongoing additional fees related to the negotiation of the franchise cable contract with Antietam Cable. It is expected that this additional negotiation will be completed in FY2013/14.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	0.00	0.00	0.00	0.00
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The City does not maintain any full time staff in the Legal Department. Legal services are contracted out to various law firms who are able to offer the City specialized services in relation to specific department needs.

FINANCE - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**DEPARTMENT / PROGRAM OVERVIEW**

Through the disbursement of funds, financial reporting, and asset and debt management, the Finance Department provides professional customer service for citizens, investors, Mayor & Council, City departments, employees and vendors by maintaining a high standard of integrity and dedication.

*Accounting Function*

The accounting function maintains the Finance Department's high standard of integrity by ensuring that accounts payable, accounts receivable, payroll, procurement and asset management are processed timely and accurately for Hagerstown's citizens, other City departments, employees and vendors.

*Budget Function*

The budget function maintains the Finance Department's high standard of excellence by working closely with the City Administrator, the Mayor and Council and other City departments to prepare the annual operating and capital budgets, internal control and oversight by monitoring and evaluating the condition of City budgets for Hagerstown's citizens, the Mayor and Council, other City departments, and employees.

**DEPARTMENT / PROGRAM OBJECTIVES**

- The new financial management software, Munis, that was implemented in November 2008 has created the need to develop new financial reports to adequately monitor the City's financial condition at all levels of the organization. Finance will develop a formalized quarterly financial review process to connect with the monthly financial reporting already being distributed to departments. This will give Finance and departments the ability to better monitor the year to date fiscal status of City operations. Furthermore, Finance will continue to meet the October 31 deadline for completion of the annual audit and Comprehensive Annual Financial Report.
- Finance is reviewing and updating vital fiscal policies in an effort to maintain compliance and effectively monitor the overall fiscal condition of the City. During the current fiscal year, we will focus on updating and implementing new debt and Fund Balance policies.
- Finance will continue to make revisions to the City's budget document during each budget cycle in an effort to streamline significant data into a document that is easier to read for all viewers. In the coming fiscal cycles, Finance will strive to make further modifications as an on-going improvement endeavor. Further, Finance will continue to apply for the GFOAs "Distinguished Budget Presentation Award".
- Finance works closely with other City Departments to plan for capital improvement projects, such as the development of pocket parks, expansion of the biking and walking trails, RC Willson Phase IV upgrades, Stormwater Management, and much more. Finance will continue to provide oversight and continue to help prepare capital improvement projections in an effort to identify financing needs for the City. In order to provide this oversight, Finance will prepare cash flow projections to assess future bonded debt needs. As further bond debt issuance and other financing needs arise, Finance will work with both the City's attorney, Financial Advisor and Bond Counsel to complete the necessary issuances.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
<i>Performance Measures</i>			
Maintain the City's bond rating:			
Standard and Poor's AA-	AA-	AA-	AA-
Moody's Investors Service A2 or higher	Aa3	Aa3	Aa3
Receive GFOA distinguished Budget Presentation award	Yes/ 8 yrs	Yes/ 9 yrs	Yes/ 10 yrs
Receive GFOA Comprehensive Annual Financial Reporting award	Yes/ 18 yrs	Yes/ 19 yrs	Yes/ 20 yrs
<i>Workload Measures</i>			
Bond sales executed	1	1	1
Number of individual employee payrolls processed	25,692	26,020	26,100
Number of vendor invoices processed	9,257	10,590	10,600
Number of Pcard transactions processed	8,114	7,374	7,400
Number of Purchase Orders issued	1,053	942	950

FINANCE - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 386,237	\$ 438,502	\$ 317,552	\$ 463,684	5.7%
Benefits	97,784	123,360	114,444	130,721	6.0%
<b>Personnel Subtotal</b>	<b>484,021</b>	<b>561,862</b>	<b>431,996</b>	<b>594,405</b>	<b>5.8%</b>
Contractual Services	36,424	35,495	104,696	52,696	48.5%
Operating Expenditures	40,037	38,400	36,790	27,494	-28.4%
Capital Outlay	4,017	2,500	2,500	2,100	-16.0%
<b>Operating Subtotal</b>	<b>80,478</b>	<b>76,395</b>	<b>143,986</b>	<b>82,290</b>	<b>7.7%</b>
<b>Total Expenditures</b>	<b>\$ 564,499</b>	<b>\$ 638,257</b>	<b>\$ 575,982</b>	<b>\$ 676,695</b>	<b>6.0%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 30,529,423	\$ 29,549,214	\$ 29,792,205	\$ 30,980,107	4.8%
<b>Total Revenues</b>	<b>\$ 30,529,423</b>	<b>\$ 29,549,214</b>	<b>\$ 29,792,205</b>	<b>\$ 30,980,107</b>	<b>4.8%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (29,964,924)</b>	<b>\$ (28,910,957)</b>	<b>\$ (29,216,223)</b>	<b>\$ (30,303,412)</b>	<b>4.8%</b>

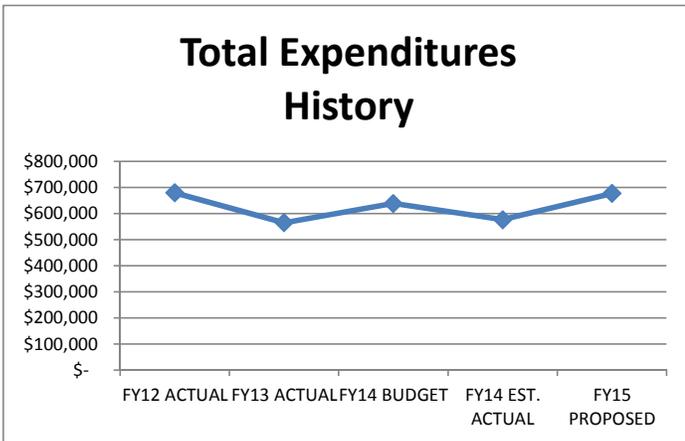
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

As a result of two vacant positions, Finance experienced about 27.6% or \$120,950 in salary and wage savings and another 7.2% or \$8,916 in related payroll benefits. As a result of the key departmental vacancies, contract staffing services have been utilized during FY14. This has contributed an additional \$60K in FY14 actual expenses higher than in FY14 budget for contractual services category. Last, the departmental revenue increase from FY14 budget is a result of an estimated increase in property tax revenue.

FY14 to Proposed FY15

From the FY14 budget to the FY15 proposed budget, overall total personnel expenditures are proposed to increase by 5.8% or \$32,543 and operating expenditures to increase by 7.7% or \$5,895. The \$25,182 increase in salary expenditures are due to the following: fully staffing the department, 2% COLA received in FY14 for non-union and AFSCME 1540, and proposed COLA for both employee groups in FY15. There is a 6.0% or \$7,361 increase in all benefits which reflects rising employer covered health and dental insurance costs. Contractual services are proposed to be 48.5% or \$17,201 higher than current FY14 budget. Primarily this increase is reflective of an ending audit agreement and minimal utilization of contractual staff (\$8K) until fully staffed. The revenue reflected includes property tax revenue and some shared state and county revenue sources. The details for all these revenue increases are reflected in detail at the beginning of Section 3.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	8.75	8.50	8.50	8.50
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>8.75</b>	<b>8.50</b>	<b>8.50</b>	<b>8.50</b>

There was no change in full time staffing from FY14 to FY15 but Finance continues to share in the allocation of a Storekeeper/Clerk III with the Water Funds.

INFORMATION TECHNOLOGY - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

Technology has become the backbone of operations for all municipalities throughout the county, and the City Information Technology department provides our City with information services to achieve our shared goals and objectives. We support all levels of technology, including internal network and Internet services, landline and cell phone services, software application support and programming and operational services. The department also provides training for software systems, as well as the analysis of business processes to provide opportunities for increased efficiency utilizing technology.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Automated Time and Attendance System. This system is the last remaining major manual / legacy system still in use in the City. This project, begun in 2013, will integrate with MUNIS payroll and financial reporting modules to streamline our operations in accounting for staff time and the allocation of that time in relation to project management. Implementation time frame is late Summer to Fall, 2014.
- Expansion of Free Wireless Internet. The system implemented in the City Center area will be expanded to include 4 - 5 additional locations contiguous with City Center in 2014. Planning will also begin implementing free wireless Internet access to visitors of City Park, Fairground Park, Pangborn Park, and Wheaton Park. This implementation will be done either internally through the City network or in a private/partnership with an Internet Service Provider.
- MUNIS Financial System Update from 9.3 to 10.4. This upgrade, scheduled for Spring 2014, will be the most feature rich change in the MUNIS software since the initial implementation. The system will provide a significant upgrade to the Executive Dashboard feature, which will show snapshots of financial position and other important data relative to a department's specific needs.
- VMware – MUNIS Server Consolidation. The project will be the first upgrade to the MUNIS server configuration since 2007. It will allow the City to combine the 4 servers being utilized by MUNIS into one server through the process of virtualization now supported by the MUNIS software.
- Executive Financial Dashboard. This is a new feature of MUNIS that will allow management staff to get a snapshot view of City financial information both in general and specific to their operation.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of City-wide personal computers	216	221	227
Number of PC Software programs supported	22	24	26
Number of Help Desk tickets	1,610	1,651	1,576
# of SPAM e-mails blocked daily	6,311	7,002	6,277
Phone calls managed through our central switch	374,411	373,955	372,122

INFORMATION TECHNOLOGY - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 369,532	\$ 364,191	\$ 364,291	\$ 417,647	14.7%
Benefits	106,801	109,591	110,678	130,690	19.3%
<b>Personnel Subtotal</b>	<b>476,333</b>	<b>473,782</b>	<b>474,969</b>	<b>548,337</b>	<b>15.7%</b>
Contractual Services	1,519	1,500	1,500	8,600	473.3%
Operating Expenditures	265,798	282,598	284,264	331,564	17.3%
Capital Outlay	904	4,000	4,000	3,400	-15.0%
<b>Operating Subtotal</b>	<b>268,221</b>	<b>288,098</b>	<b>289,764</b>	<b>343,564</b>	<b>19.3%</b>
<b>Total Expenditures</b>	<b>\$ 744,554</b>	<b>\$ 761,880</b>	<b>\$ 764,733</b>	<b>\$ 891,901</b>	<b>17.1%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 744,554</b>	<b>\$ 761,880</b>	<b>\$ 764,733</b>	<b>\$ 891,901</b>	<b>17.1%</b>

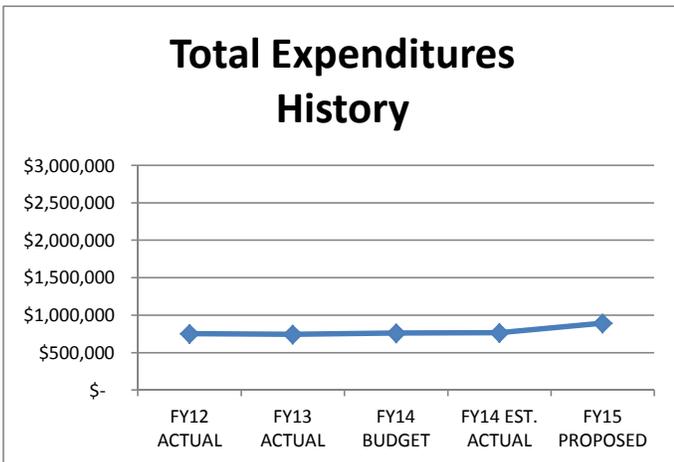
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*

Slight increases to maintenance line items due to software purchased during year. There are no other material variances between FY14 estimated actuals and FY14 budget.

*FY14 to Proposed FY15*

The \$53,456 increase in salary expenditures are due to the following: full-year of HPD technologist position formerly grant funded; 2% COLA received in FY14 for non-union and AFSCME 154; and proposed COLA for both employee groups in FY15. There is a 19.3% or \$21,099 increase in all benefits which reflects rising employer covered health and dental insurance cost plus additional employees covered. Total operating expenditures reflect an increase of 17.3% or \$48,966 for major hardware/software maintenance agreements.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	6.33	6.34	6.34	6.34
Less: Unfunded	-	-	-	-
<b>Staffing Total</b>	<b>6.33</b>	<b>6.34</b>	<b>6.34</b>	<b>6.34</b>
Part time	0.00	0.00	0.00	0.00
<b>Total Part time</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

HPD Police Technologist position was partially funded by grant monies in FY14. This position is now to be fully absorbed by the General Fund and is included in the IT staffing position count.

SUPPORT SERVICES - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

In support of the City's Strategic mission, Support Services strives to consistently provide high quality services in support of the City's cash collection, real estate & property tax process, and customer service program. We are committed to continuous, long-term improvement to meet needs in an exceptional way. Our primary measure of success is customer satisfaction. Our intent is to earn and maintain the respect of the our customers; promote trust in the Support Services organization, and establish collaborative working relationships our internatl and external customers.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Credit Bureau Reporting. Staff will look to add more teeth to our collection efforts by partnering with a credit bureau agency to report delinquent customer balances.
- Remote Deposit of Checks Paid in Person. Staff will work with our depository bank to provide staff the ability to remotely deposit checks at time of transaction. This will allow for funds to be in our account, as well as deducted from the customer's account, at time of payment. This will help to cut down the number of insufficient funds transactions we experience on a weekly basis.
- Electronic File Handling of Payments from Bank Online Payment Websites. IT and Support Service staff will work with banks currently providing us with paper checks for online payment of utilities from their customers to provide us with an electronic file for import into MUNIS. This process will eliminate the need for manual entry of these checks (averaging 50 per day) into MUNIS and completely automate the process.
- Customer Service Training. With the turnover of staff experienced over the past year, representatives will be provided with online and/or on-site Customer Service training to allow them to better understand and perform their job responsibilities. There has been no formal training for staff in several years, and the changing demands of our customer base require that our representatives have the tools they need to provide quality customer service.
- Support Services Strategic Plan. The changes in our capabilities to provide effective customer service and cash processing require a revisiting of how the department does business both with internal City departments as well as our external customers. Reviews of our utility collection process, cash management operation, tax collection and reporting processes will all be documented and reviewed by staff, with recommendations on implementation.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of calls offered into Support Services queue	56,988	57,552	58,150
Number of calls serviced in Support Services	38,249	45,523	47,700
Average hold time (in Seconds)	364	246	220
Number of counter transactions handled in City Hall	57,612	59,342	60,000
Total customers served	95,861	104,865	107,700
Dollar amount of transactions processed in City Hall	\$ 54,430,805	\$ 48,067,314	\$ 50,000,000

SUPPORT SERVICES - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13 ACTUAL	2013/14		2014/15 PROPOSED	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 345,099	\$ 322,790	\$ 327,790	\$ 324,915	0.7%
Benefits	106,908	110,456	115,162	128,116	16.0%
Overtime	3,466	-	500	-	0.0%
<b>Personnel Subtotal</b>	<b>455,473</b>	<b>433,246</b>	<b>443,452</b>	<b>453,031</b>	<b>4.6%</b>
Contractual Services	164,998	148,750	189,530	168,060	13.0%
Operating Expenditures	(256,728)	(262,883)	(273,865)	(255,531)	-2.8%
Capital Outlay	269	5,500	5,500	5,100	-7.3%
<b>Operating Subtotal</b>	<b>(91,461)</b>	<b>(108,633)</b>	<b>(78,835)</b>	<b>(82,371)</b>	<b>-24.2%</b>
<b>Total Expenditures</b>	<b>\$ 364,012</b>	<b>\$ 324,613</b>	<b>\$ 364,617</b>	<b>\$ 370,660</b>	<b>14.2%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 15,790	\$ 25,000	\$ 15,000	\$ 26,500	6.0%
<b>Total Revenues</b>	<b>\$ 15,790</b>	<b>\$ 25,000</b>	<b>\$ 15,000</b>	<b>\$ 26,500</b>	<b>6.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 348,222</b>	<b>\$ 299,613</b>	<b>\$ 349,617</b>	<b>\$ 344,160</b>	<b>14.9%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

FY14 estimated actual reflects the use of contract staffing services (\$20K) which is \$18,500 greater than the FY14 budget. Additionally, contractual services expenditures reflects an estimated increase of \$20K over FY14 budget of \$140K for credit card fees.

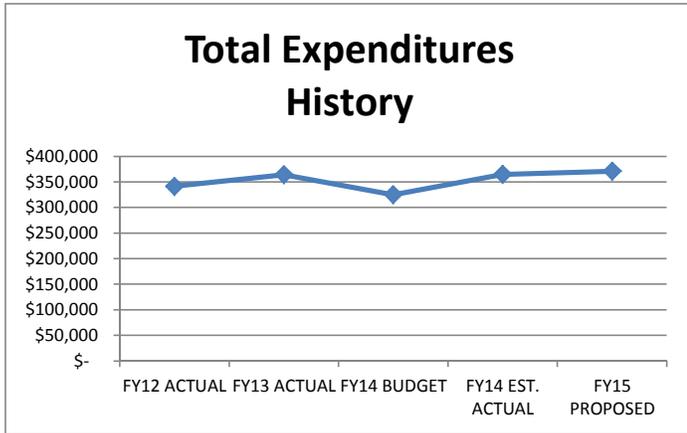
FY14 to Proposed FY15

Total personnel expenditures are estimated to increase by 4.6% or \$19,785 from FY14. Primarily, this increase is due \$17,660 increase in all benefits which reflects rising employer covered health and dental insurance costs. The FY15 budget reflects the continued trend of increasing credit card fees higher than the FY14 budget amount of \$20K.

**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	5.67	5.66	5.66	5.66
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>5.67</b>	<b>5.66</b>	<b>5.66</b>	<b>5.66</b>
Part time	2.00	2.00	3.00	3.00
Part time Seasonal	0.00	0.00	0.00	0.00
<b>Total Part time</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>

There are no full-time staffing changes proposed for Support Services. Support Services and Cashiering utilize 3 part-time positions in FY14.



HUMAN RESOURCES - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Human Resources Department serves the city organization, city employee, retirees, and the citizens of the community by providing a full range of Human Resources Services. We are a strategic partner to city departments to support and promote efficient operations. The Human Resources Department oversees the selection, placement, and development of qualified people in positions with the city. We are also responsible for employee and retiree benefits and compensation, employee policies, labor management, FMLA administration, employment law compliance, safety and liability programs, training and career development, and more. We value the contributions of every employee to the overall well-being and efficient operations of the City of Hagerstown.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Manage and implement changes to healthcare programs to comply with healthcare reform and keep costs within the City's health care budget.
- Offer comprehensive and targeted training programs to increase skill levels for broader responsibilities and increased employee engagement.
- Create and enhance employee recognition programs that highlight employee creativity, innovation, and commitment to the organization.
- Develop an increasingly comprehensive wellness and safety programs in order to enhance employee health and productivity while reducing healthcare and workers' compensation claims expenses.
- Maintain position control systems.
- Negotiations for the four union contracts.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
HR Staff to FTE Employee Ratio	124.75	115	115
Bargaining Unit Contracts	4	4	4
HR Training Budget to number of City FT employees	\$ 43.67	\$ 47.60	\$ 47.60
Employee / Retiree Health Plan Costs	\$ 8,118	\$ 8,576	9262.08
Number of Employment Applications Received	1,504	1,974	1800
Number of Regular FT employees hired	35	30	31
Number of non-regular employees hired	91	70	50
Retirements	12	14	14
Voluntary Separations	22	20	20
Involuntary Separations	-	1	1
Number of Injury Reports	95	96	96
Number of Property Claims	32	38	38
Number of General Liability Claims	14	6	6
Number of Police Liability Claims	6	4	4
Number of Auto Claims	44	46	46

HUMAN RESOURCES - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 265,232	\$ 268,708	\$ 268,708	\$ 281,843	4.9%
Benefits	90,968	93,765	98,558	109,039	16.3%
<b>Personnel Subtotal</b>	<b>356,200</b>	<b>362,473</b>	<b>367,266</b>	<b>390,882</b>	<b>7.8%</b>
Contractual Services	31,304	80,550	64,350	96,350	19.6%
Operating Expenditures	16,182	42,968	48,690	92,956	116.3%
Capital Outlay	4,882	1,700	7,260	3,200	88.2%
<b>Operating Subtotal</b>	<b>52,368</b>	<b>125,218</b>	<b>120,300</b>	<b>192,506</b>	<b>53.7%</b>
<b>Total Expenditures</b>	<b>\$ 408,568</b>	<b>\$ 487,691</b>	<b>\$ 487,566</b>	<b>\$ 583,388</b>	<b>19.6%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ -	\$ -	\$ 125	\$ -	0.0%
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 125</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 408,568</b>	<b>\$ 487,691</b>	<b>\$ 487,441</b>	<b>\$ 583,388</b>	<b>19.6%</b>

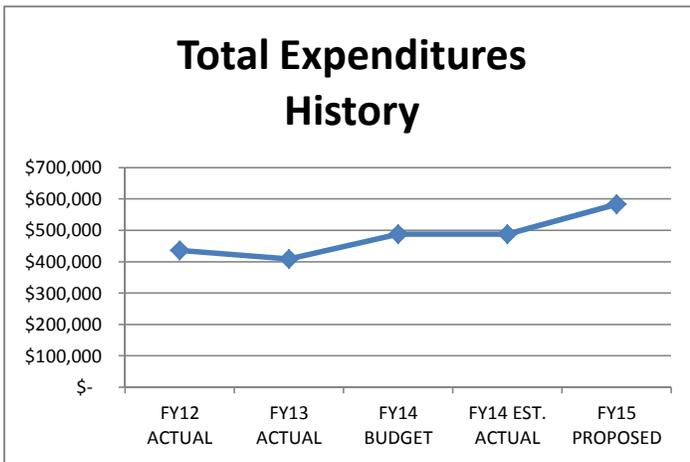
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*

There are no significant or material variances between FY14 estimated actuals and FY14 budget.

*FY14 to Proposed FY15*

Total Personnel expenditures reflects an overall increase of 7.8% or \$28,409. This increase is a result of 2% COLA received in FY14 and a proposed COLA in FY15. Also, there is a 16.3% or \$15,274 increase in all benefits which reflects rising employer covered health and dental insurance cost. Benefit expenses also reflect the impact of salary increases on the State of Maryland employer pension contribution costs. Contractual services expenditures for FY15 budget include \$10K for consulting and other administrative fees not in the FY14 budget. Last, operating expenditures category reflects a total increase of \$49,988 which is a result of centralizing all tuition reimbursement (\$20K) and all travel and training related costs for the general fund (\$50K). The consolidation of the program from the departments into Human Resources allows for closer oversight, approval, and monitoring of the educational reimbursement program. All other expenses in this category are less than FY14 budget.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	4.00	4.00	4.00	4.00
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>
Part time	3.00	5.00	5.00	5.00
<b>Total Part time</b>	<b>3.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

There were no changes to the number of full time positions in the Human Resources Department. The Human Resources Department also staffs the information/security desk at City Hall with part-time positions plus has a part-time HR Assistant.

**DEPARTMENT / PROGRAM OVERVIEW**

The Department of Community and Economic Development (DCED) works in collaboration with all City Departments, our residents, businesses, investors (current and prospective) and visitors to advance the economy, image and quality of life in Hagerstown. The Department is organized in two divisions, the Planning and Code Administration Division (PCAD) and the Business and Community Relations Division (BCRD).

Planning and Code Administration Division (PCAD)

PCAD provides the development related services of planning, zoning, historic preservation, permitting and licensing for construction and consumer protection; and, the proactive application of property maintenance related ordinances and licensing programs that are designed to protect residents, neighborhoods and property values. PCAD also provides the comprehensive planning and annexation services for the City. The administration of these development services and protection of neighborhoods encourages investment and a proud and prosperous community.

Business and Community Relations Division (BCRD)

BCRD administers business retention, expansion and attraction programs, image campaigns, community outreach initiatives, Community Development Block Grant (CDBG) functions (see also Special Revenue Section 5), public information programs, community events, the arts, entertainment and education district functions, and a volunteer program. Staff continue to expand and adapt these programs to enhance the results and in FY15 staff have proposed an aggressive list of goals (see Department Goals memo).

**DEPARTMENT / PROGRAM OBJECTIVES**

Planning and Code Administration Division (PCAD)

Recognizing that time is money for the development community, PCAD administers streamlined processes and provides exceptional service while planning for the future of the City through flexible regulations, progressive programs and customer-friendly processes. Further efficiencies have been achieved through the creation of one front office and the transfer of field operations to City Hall. The Planning function of the division acts as the architect of the City. Progressive protective legislation for smart development and redevelopment remains a focus. The permitting, licensing and inspections area strives to ensure speed and accuracy which in turns makes Hagerstown a location of choice for investors. In FY15, this division will continue to update and improve the City's land development and community protection codes as it continues to expand its reputation as an effective and efficient partner to the neighborhoods and development community.

Business and Community Relations Division (BCRD)

In partnership with the private sector and all City Departments, the BCRD works directly with existing and prospective business owners and investors to retain, expand and attract investment in Hagerstown. These efforts include business retention, expansion and attraction programs, the administration of incentives, the development and implementation of events, the arts, education and entertainment district functions, marketing and image campaigns and increased volunteer opportunities. In FY15, this division will aggressively expand marketing and outreach to regional and Baltimore / Washington Metropolitan Area businesses, investors and residents. Additionally, the recently implemented First 1/3rd program along with the other incentive programs and the anticipated implementation strategy for the Sustainable Community Plan will focus and guide our efforts. Lastly, the division will complete community development projects designed to have visible results with a positive impact on the community.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Value of commercial investment (in thousands)*	17,706	16,661	17,000
Value of residential investment (in thousands)*	6,141	11,552	8,000
Assessed value of newly annexed land	\$ 244,600	\$ -	\$ 400,000
Number of new home starts	55	220	130
Percent of HDC applicant affirmed cases	100%	99%	99%
Number of Site Plans Reviewed	6	8	8
Volume of Inspections Performed	14,351	14,500	14,500
Number of Inspections Appealed	-	-	-
Number of Zoning Certificates issued of new businesses**	36	50	45
Number of event attendees***	51,000	135,250	144,300
Number of volunteer hours	2,000	2,200	2,360
YouTube video views	12,000	22,000	28,000
Website hits	320,000	330,000	350,000
Metropolitan area targeted marketing campaign QR Code Hits	-	1,200	3,000
Number of business grand openings/anniversary celebrations	10	27	27
Number of new/retained jobs tied to incentive agreements	66	80	80
New investment tied to incentive agreements	\$ 150,000	\$ 175,000	\$ 175,000

\*Measured in calendar year by permitted work

\*\*Limited to retail related businesses that collect sales tax

\*\*\*Includes 80,000 for the Alsatia Parade

COMMUNITY AND ECONOMIC DEVELOPMENT - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 1,469,890	\$ 1,471,396	\$ 1,493,886	\$ 1,569,083	6.6%
Benefits	482,706	517,484	543,089	576,501	11.4%
Overtime	(525)	500	1,059	1,100	120.0%
<b>Personnel Subtotal</b>	<b>1,952,071</b>	<b>1,989,380</b>	<b>2,038,034</b>	<b>2,146,684</b>	<b>7.9%</b>
Contractual Services	186,724	188,200	182,050	185,400	-1.5%
Operating Expenditures	944,014	804,959	835,689	903,669	12.3%
Capital Outlay	5,212	7,000	8,727	7,100	1.4%
<b>Operating Subtotal</b>	<b>1,135,950</b>	<b>1,000,159</b>	<b>1,026,466</b>	<b>1,096,169</b>	<b>9.6%</b>
<b>Total Expenditures</b>	<b>\$ 3,088,021</b>	<b>\$ 2,989,539</b>	<b>\$ 3,064,500</b>	<b>\$ 3,242,853</b>	<b>8.5%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 1,590,322	\$ 1,656,407	\$ 1,628,123	\$ 1,690,710	2.1%
<b>Total Revenues</b>	<b>\$ 1,590,322</b>	<b>\$ 1,656,407</b>	<b>\$ 1,628,123</b>	<b>\$ 1,690,710</b>	<b>2.1%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 1,497,699</b>	<b>\$ 1,333,132</b>	<b>\$ 1,436,377</b>	<b>\$ 1,552,143</b>	<b>16.4%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

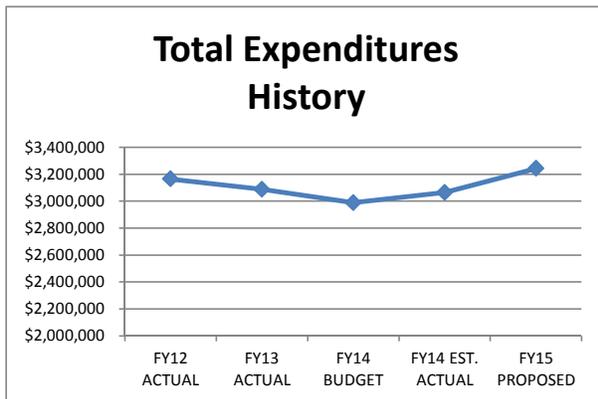
*Adopted FY14 to Estimated Actual FY14*

Revenues remain steady and staff continue to be conservative with projections. DCED's primary revenue stream is through Code Administration with projected revenues of nearly 1 million. Across the department changes in employee selection of health care options and additional events have resulted in a slight projected increase in expenditures but total projected expenditures remain lower than total expenditures in FY13 Actuals.

*FY14 to Proposed FY15*

Commitment to our neighborhoods, community development and economic development programs remains strong in FY15 funding. For FY15, staff continue a conservative approach on revenue projections and expected development activity. The increase in budget reflects the increase in salary and related benefits. Staff continue to control operating expenses.

Also, staff plan to continue to expand engagement with the community with the addition of the Main Street Program. This program along with First 1/3rd and other initiatives are funded through the Economic Redevelopment Fund and reflected in Section 5 Special Revenue Fund section of the budget book.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	23.50	23.85	23.85	23.80
Less: Unfunded	-	-	-	-
<b>Staffing Total</b>	<b>23.50</b>	<b>23.85</b>	<b>23.85</b>	<b>23.80</b>
Part time	7.00	7.50	7.50	5.50
Part time Seasonal	-	-	-	3.00
<b>Total Part time</b>	<b>7.00</b>	<b>7.50</b>	<b>7.50</b>	<b>8.50</b>

The number of full-time positions in FY13 will remain flat through FY15.

COMMUNITY AND ECONOMIC DEVELOPMENT - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURES BY PROGRAM**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES</b>					
Community Affairs	\$ 434,303	\$ 414,148	\$ 424,165	\$ 438,070	5.8%
Public Functions	481,152	492,385	492,519	522,709	6.2%
Planning	413,167	427,987	412,642	436,237	1.9%
Annexation	721	8,800	6,800	8,800	0.0%
Code Administration	1,055,260	993,471	1,011,685	1,066,319	7.3%
Farmers Market	90,977	78,077	91,400	91,000	16.6%
Economic Development	505,324	426,201	479,105	519,871	22.0%
Neighborhoods First	9,736	59,183	53,614	62,918	6.3%
Housing & Community Dev	97,381	89,287	92,570	96,929	8.6%
<b>Total Expenditures</b>	<b>\$ 3,088,021</b>	<b>\$ 2,989,539</b>	<b>\$ 3,064,500</b>	<b>\$ 3,242,853</b>	<b>8.5%</b>
<b>REVENUES</b>					
Departmental Revenue	\$ 1,590,322	\$ 1,656,407	\$ 1,628,123	\$ 1,690,710	2.1%
<b>Total Revenues</b>	<b>\$ 1,590,322</b>	<b>\$ 1,656,407</b>	<b>\$ 1,628,123</b>	<b>\$ 1,690,710</b>	<b>2.1%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 1,497,699</b>	<b>\$ 1,333,132</b>	<b>\$ 1,436,377</b>	<b>\$ 1,552,143</b>	<b>16.4%</b>

## **DEPARTMENT / PROGRAM OVERVIEW**

The Department of Parks and Engineering has the unique opportunity to improve the livability and recreation opportunities for the citizens of Hagerstown. Through the construction of Capital Improvement Projects, providing excellent parks and recreational activities, and the implementation of recycling and trash collection programs, this Department affects every resident of Hagerstown on a daily basis. The department takes this responsibility very seriously and uses it as an opportunity to improve life for those who choose to live and do business in the City of Hagerstown.

### Engineering Division

The Engineering Division is primarily focused on street improvements, traffic flow, and storm water management (SWM). Engineering is also responsible for preparing construction documents for various capital improvement projects identified in Section 9 of the City budget document. This includes the annual pavement preservation program, construction of parking facilities, upgrades to storm drains and repairs to other public facilities like bridges. Engineering Division staff prepare contract documents, bid projects, administer contracts, and inspect the construction performed. Engineering Division staff are also involved in land development reviews, tri-annual inspections of SWM structures, maintenance and creation of numerous databases, and development of the City's Geographical Information System (GIS) database.

### Parks and Recreation Division

The Parks and Recreation Division understands that quality of life is important to the residents of Hagerstown. The numerous parks, facilities, and recreation programs provided contribute directly to the health and well being of the entire Hagerstown community. The primary goal is to provide all Hagerstown citizens high quality recreational and leisure opportunities in safe, modern, and well maintained parks and facilities. Staff are constantly responding to change, developing new programs, adding and upgrading facilities, so that residents, businesses and visitors can have an exceptional leisure experience.

### Waste Collection and Disposal

The residential recycling and trash collection program is provided by a private contractor, administrated by the Engineering Division. In addition to collecting residential trash at curbside each week, the City's contractor also collects yard waste, and recycling, and collection of trash and recycling at small commercial establishments.

## **DEPARTMENT / PROGRAM OBJECTIVES**

In FY14/15, Parks & Engineering staff will complete the following:

### Engineering Division

- Staff will continue to monitor the EPA requirements for pollution reduction from storm water runoff and will develop strategies needed to address these issues.
- Transportation initiatives in FY2014/15 include rehabilitation of three bridges on Burhans Boulevard, reconstruction of Broadfording Road from Rt 58 to Hollyhock Road, and alley reconstruction.
- Other miscellaneous objectives would be the demolition and improvements at 43/53 West Washington Street, Safe Routes to School projects nears the new Bester Elementary, installing sidewalks on Frederick Street, bike-friendly enhancements, assisting the County with Professional Blvd design and increasing our pavement preservation efforts.

### Parks and Recreation Division

- Develop new parks including Kiwanis Park, Phase II of "Memorial Park" on Memorial Boulevard, and accepting Greenfields Parks in Colligate Acres.
- Plan "Festival at City Park" (formerly the Autumn Arts Festival), in partnership with the Fine Arts Museum and Community Affairs. This will be the unveiling of the "A Fishing Lesson" sculpture project in the lake.
- Other goals for 2013/14 include the creation of more recreational programs; contracting with a pool management company to operate the Potterfield Pool; installation of a 'sprayground' at Potterfield Pool, expanded operations at the Hager House; developing space in the former grandstands at Fairgrounds Park for a "fitness studio" to host indoor recreation programs, and new pavilions in City Park and Pangborn Park.

### Solid Waste Collection and Disposal

- Targeted campaign to send letters to the people that are not recycling based on the data we receive from our tote management system. We hope to send them letters recognizing that they are not recycling currently, and invite them to recycle. We will continue to promote the Recyclebank rewards program to get more residents involved in

ENGINEERING AND PARKS - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**PERFORMANCE INDICATORS - ENGINEERING**

	2012/13	2013/14	2014/15
Number of Contracts and RFP's	26	28	25
Curb and Sidewalk Permits Issued	79	64	75
Traffic Complaints Resolved	180	165	170
Work Orders issued to Public Works	161	149	150

**PERFORMANCE INDICATORS - PARKS**

	2012/13	2013/14	2014/15
Number of Pavilion Reservations	367	373	400
City Park Bandshell Reservations	55	53	55
Municipal Stadium: Number of Baseball Games	70	70	70
Municipal Stadium: Number of Amateur Games	3	3	3
Municipal Stadium: Number of Spectators (in 000s)	87	65	50
Hager House Visitors	800	1,232	1,700
Hager House Promotions/Events	3	4	6
Hagerstown Railroad Museum Promotions/Events	2	2	4
202 Locomotive Visitors	800	1,004	1,250

**PERFORMANCE INDICATORS - GENERAL RECREATION**

	2012/13	2013/14	2014/15
Number of Events	0	4	6
Number of Recreation Programs	0	0	4

**PERFORMANCE INDICATORS - POTTERFIELD POOL**

	2012/13	2013/14	2014/15
Number of Days in Full Operation	66	60	95
Number of Private Rentals	28	34	50
Private Rental Attendance	1,185	1,497	1,750
Number of Season Passes	91	75	100
Daily Paid Attendance	11,366	8,510	9,000
Total Attendance	20,518	17,010	20,000

**PERFORMANCE INDICATORS - WASTE COLLECTION**

	2012/13	2013/14	2014/15
Tons of Garbage Collected Curbside	11,346	10,500	10,500
Tons of Yard Waste Collected	1,462	1,500	1,500
Tons of Recyclables Collected	1,451	2,500	2,700
Commercial Units served	-	58	70

ENGINEERING AND PARKS - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 1,660,144	\$ 1,624,492	\$ 1,722,388	\$ 1,681,667	3.5%
Benefits	542,497	568,875	580,940	577,494	1.5%
Overtime	30,099	24,140	24,740	24,140	0.0%
<b>Personnel Subtotal</b>	<b>2,232,740</b>	<b>2,217,507</b>	<b>2,328,068</b>	<b>2,283,301</b>	<b>3.0%</b>
Contractual Services	2,081,537	2,227,664	2,199,663	2,275,418	2.1%
Operating Expenditures	699,386	759,634	632,054	609,099	-19.8%
Capital Outlay	2,431	5,800	5,000	4,700	-19.0%
<b>Operating Subtotal</b>	<b>2,783,354</b>	<b>2,993,098</b>	<b>2,836,717</b>	<b>2,889,217</b>	<b>-3.5%</b>
<b>Total Expenditures</b>	<b>\$ 5,016,094</b>	<b>\$ 5,210,605</b>	<b>\$ 5,164,785</b>	<b>\$ 5,172,518</b>	<b>-0.7%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 2,776,571	\$ 2,541,790	\$ 2,564,303	\$ 2,569,351	1.1%
<b>Total Revenues</b>	<b>\$ 2,776,571</b>	<b>\$ 2,541,790</b>	<b>\$ 2,564,303</b>	<b>\$ 2,569,351</b>	<b>1.1%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 2,239,523</b>	<b>\$ 2,668,815</b>	<b>\$ 2,600,482</b>	<b>\$ 2,603,167</b>	<b>-2.5%</b>

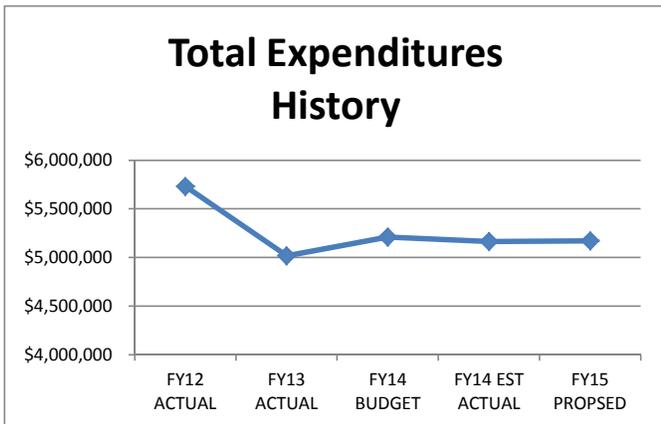
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The increase in salary and wages reflects a 2% COLA in FY14 for all non-union staff plus the settlement of the AFSCME 1540 contract. The salary expenses also include all wages for seasonal and part-time staffing. It is anticipated that the seasonal staffing will be reduced from a total of 51 to just 19 as a result of consulting with a third party to manage the operations of the municipal pool starting in the Summer of 2015.

Adopted FY14 to Proposed FY15

The 3.5% increase in salary and wages reflects a 2% COLA in FY14 and in FY15 for non-union and AFSCME 1540 members. There is a 1.5% or \$8,619 increase in all benefits which reflects rising employer covered health and dental insurance costs. Contractual services expenditures includes consulting with a third party to manage the operations of the municipal pool starting in the Summer of 2015. All other operating expenditures are expected to remain flat and even decrease from existing FY14 budget. FY15 budget reflects changes made with The Hagerstown Suns lease arrangement. This \$53K reduction and change is reflected in operating expenditures above and more easily identifiable in the schedule below which outlines overall expenditures by program. Departmental revenues do not include any proposed changes to the quarterly sanitation/trash collections fees.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	29.66	29.72	29.72	29.63
Less: Unfunded	-3.00	-3.00	-3.00	-3.00
<b>Staffing Total</b>	<b>26.66</b>	<b>26.72</b>	<b>26.72</b>	<b>26.63</b>
Part time	0.00	3.00	3.00	5.00
Part time Seasonal	51.00	51.00	51.00	19.00
<b>Total Part time</b>	<b>51.00</b>	<b>54.00</b>	<b>54.00</b>	<b>24.00</b>

Three (3) vacant positions from FY14 will remain vacant and are unfunded in FY15. The Department has 19 part-time seasonal employees for grounds maintenance, park attendants, Hager House, the train museum, and Sanitation/recycling. FY15 reflects no seasonal staff for the operations of the municipal Potterfield Pool.

ENGINEERING AND PARKS - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURES BY PROGRAM**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES</b>					
Engineering	\$ 1,013,824	\$ 1,044,993	\$ 1,063,014	\$ 1,061,071	1.5%
Waste Collection and Disposal	1,936,153	2,038,031	1,959,132	2,014,777	-1.1%
Recreation	250,474	252,981	258,129	310,559	22.8%
Swimming Pool	162,213	147,837	151,281	137,969	-6.7%
Municipal Stadium	111,426	71,292	57,252	18,024	-74.7%
Hager House	24,721	40,175	29,370	46,791	16.5%
Train Museum	7,579	14,730	11,962	13,188	-10.5%
Parks Division	1,509,704	1,600,566	1,634,645	1,570,139	-1.9%
<b>Total Expenditures</b>	<b>\$ 5,016,094</b>	<b>\$ 5,210,605</b>	<b>\$ 5,164,785</b>	<b>\$ 5,172,518</b>	<b>-0.7%</b>
<b>REVENUES</b>					
Departmental Revenue	\$ 2,776,571	\$ 2,541,790	\$ 2,564,303	\$ 2,569,351	1.1%
<b>Total Revenues</b>	<b>\$ 2,776,571</b>	<b>\$ 2,541,790</b>	<b>\$ 2,564,303</b>	<b>\$ 2,569,351</b>	<b>1.1%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 2,239,523</b>	<b>\$ 2,668,815</b>	<b>\$ 2,600,482</b>	<b>\$ 2,603,167</b>	<b>-2.5%</b>

### DEPARTMENT / PROGRAM OVERVIEW

As a nationally accredited law enforcement agency since 1984, the Hagerstown Police Department prides itself on providing full-service public safety services to our community in the following areas; emergency response to crimes in progress, disorder and service requests, crime prevention, post-crime incident investigations, criminal apprehension, crime -lab services and courtroom testimony.

In 2014, the Hagerstown Police Department will further refine the efforts of Intelligence-Led Policing and Community Oriented Policing begun in 2013 with the implementation of specific programs designed to improve our crime prevention abilities and community engagement.

Through the use of analytical software, the department will implement the latest in best practices with the launch of a Predictive-Policing program. A more traditional style of evidence-based policing, known as Problem-Solving Policing, will also come on line during 2014 with the roll out of a city-wide Neighborhood Policing program. These two initiatives of Intelligence-Led Policing and Community Oriented Policing, along with improvements in training, management, continuity of operations (COOP) and intelligence management will serve as the basis for the department's goals and objectives for 2014.

### DEPARTMENT / PROGRAM OBJECTIVES

- **ADMINISTRATION:** Directs and manages the overall operation of the department.
- **PATROL:** Maintains pro-active patrol to detect criminal activity and reduce the opportunities for offenders to commit crimes; has primary responsibility for initial response to calls for service; initial investigations; order maintenance; protection of life and property; and traffic enforcement and problem solving. The patrol division includes a dedicated Downtown Squad which operates from the University of Maryland center. The Safe Speed for Students [Speed Cameras] system and the School Resource Officer program are also managed through the patrol division.
- **CRIMINAL INVESTIGATIONS:** Primary responsibilities are to conduct follow-up investigations originating in the Patrol Division, provide the initial response to more complex investigations, and assist the State Attorney's Office with the prosecution of violators. A civilian coordinator along with two detectives are also assigned to oversees the department's Safe Streets initiative which conducts investigations on known repeat criminal offenders.
- **PROFESSIONAL STANDARDS:** Conducts internal affairs investigations.
- **VEHICLE/BUILDING MAINTENANCE:** Maintains all vehicles and facilities for departmental use, oversees the purchase of and upfitting of new cruisers.
- **AUXILIARY POLICE:** Provides volunteer traffic support during special events and fire incidents; enforces parking violations for handicap spaces, fire zones, and fire hydrants; assists with special patrol checks. They also conduct foot patrols in the Downtown for increased public safety presence.
- **NARCOTICS TASK FORCE:** A joint task force with HPD, Washington County Sheriff's Office, Washington County State's Attorney, and the Drug Enforcement Administration; conducts regional mid-level and in-depth investigations of drug offenses.
- **WESTERN MARYLAND REGIONAL CRIME LABORATORY:** Analyzes and processes crime scene evidence according to international accreditation standards; provides expert testimony in prosecution of cases.
- **RECORDS:** Serves as the department's centralized records repository; provides police records maintenance, control, and retrieval; operates the City's switchboard during business hours; coordinates and manages the department's use of criminal justice information systems.
- **TRAINING:** The supervisor assigned to the training division coordinates all in-service training for the department and serves as the department's liaison to the Hagerstown Community College Police Academy. The supervisors is a certified police instructor and teaches various courses in both areas. This position also carries the responsibility of the department's safety coordinator.
- **RECRUITING:** Conducts on-going recruiting, testing, selection processes for all new police officers for the department. coordinates the background-check procedures with the assistance of a civilian background investigator along with the polygraph and other medical clearances.
- **EVIDENCE CUSTODY AND CONTROL:** Responsible for the operation of the department's evidence room, management of the evidence custody and control function, and management of all other property coming into the custody of the Police Department.
- **SPEED CAMERAS:** The department operates 11 speed cameras within school zones throughout the city. The program, entitled Safe Speeds for Students, is managed by a full time administrator and is intended to reduce speeding at or near schools.

A more detailed description of these and other programs are included below.

**Predictive-Policing:** The Department will introduce a new crime reduction tool using the latest in analytical software programs designed to predict locations where crime is likely to occur. Predictive policing models use crime data to produce real time prediction zones for officers to use during their patrol shifts. These prediction areas are then patrolled by officers during specific times of the day in an effort to stop crime before it occurs.

**Neighborhood Policing:** Officer will begin a city-wide community engagement program designed to identify and solve problems that contribute to crime and the fear of crime in our neighborhoods. Using the Problem-Solving approach to policing, officers will conduct short walking patrols during their shifts where they will make personal contact with residents to learn what issues they are facing. Officers will then coordinate activities using various police and other city services to improve the quality of life in each neighborhood.

**Quality of Work Life:** Recognizing that our officers, supervisors and civilian staff are vital to the successful delivery of public safety services to our community; the department will takes steps to improve the safety, communication and career development of our employees. The department will implement an internal safety committee and pursue policies that both encourage and recognize those professionals in our organization who choose to continue to advance their careers at the Hagerstown Police Department. Likewise, fostering an environment of open communication and cooperation both internally and with other city departments will be a primary focus for the year.

POLICE - CONSOLIDATED - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OBJECTIVES (continued)**

Manpower: The Department will work during the year to fill vacant police officer positions through a combination of entry-level recruits and certified lateral transfers from other agencies. A cadet program will continue to be pursued pending available funding to further develop a qualified applicant pool for entry level police officer positions in future years.

Downtown Squad: Expansion of the downtown squad shall be another primary objective of the department during 2014. This unit provides a vital service to the downtown community by delivering personalized service and reducing the fear of crime in the center of our city.

Directed Patrol Unit: The department will place and emphasis on the investigation of Gangs and Guns violence through the creation of a specialized uniformed patrol unit. The Direct Patrol Unit (DPU) will work to reduce gun violence in the city through the use of proactive patrols. The DPU shall also serve the lead role in the Safe Streets Initiative relating to Repeat Criminal Offenders. Restoration of these positions will be dependent on the department's ability to fill currently funded police officer vacancies

Safe Streets Initiative: The department will further expand efforts of reducing violent crime caused by repeat offenders through the addition of a coordinator position supplied through grant funding. The Safe Streets Coordinator will work to improve communications between law enforcement agencies and the prosecutor's office on individuals identified as being repeat offenders with the goal of keeping the most dangerous criminals off our streets.

Differential Policing: The department recognizes the need to use alternative reporting methods to improve service to the community and efficiency within the agency. Efforts will be made this year to expand the use of Auxiliary Police for minor crime reporting and prevention initiatives along with on-line reporting and telephone reporting as an added convenience to the community. These different response types and options will improve data collection and increase the availability of our police officers for regular duties.

Incident Command System Training (ICS): Using the National Model of Incident Command, the department will expand its readiness capabilities by incorporating additional training for police officers and supervisors in ICS advanced courses. The department also will seek opportunities for interagency mock drills and assessments to further integrate the ICS model in our daily operations. Standardized search management for missing persons using these models will also be implemented.

Continuity of Operations Planning (COOP): The department will improve its ability to maintain core functions and recover full operations during a disaster by implementing a standard COOP policy.

Criminal Investigation: Improvements to the collection, analysis and dissemination of criminal intelligence information shall be pursued. Emphasis will also be placed in the area of crime-tip management for major cases. Inter-agency cooperation and information sharing will also be a priority of the department. Partnerships with the Maryland Coordination and Analysis Center (MCAC) along with regional data bases such as the National Capital Region's Law Enforcement Information Exchange (NCR- LnX) will be enhanced along with basic criminal intelligence training for police officers.

Digital Imaging of Records: After working through technical and vendor issues over the past two years, the department plans to complete the full digital imaging of paper records in 2014. This program will digitize the backlog of police paper records and improve accessibility for staff and the public to older files.

Management Software: The department will implement a new case management system to improve efficiency and service in processing allegations or complaints against the police. The Internal Affairs Management Software will reduce the time in handling cases while improving service to the community and accountability throughout the department.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Total calls for service	60,764	60,070	60,000
Criminal arrests	2,751	2,768	2,700
CDS arrests	193	216	225
Accidents with injuries	226	228	225
Total Crime Rate*	0.042	0.045	0.045
Violent Crime Rate*	0.006	0.006	0.006
Property Crime Rate*	0.036	0.039	0.039
Volunteer response hours	2,675	4,380	4,380
Funded Full-time Sworn Personnel <sup>1</sup>	105	107	107
Funded Full-time Civilian Personnel <sup>1</sup>	12	13	13

\*= number of crimes per resident

POLICE - CONSOLIDATED - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 5,754,944	\$ 6,190,962	\$ 6,259,084	\$ 6,395,542	3.3%
Benefits	2,501,786	2,707,899	2,707,605	2,925,979	8.1%
Overtime	735,841	529,210	652,700	569,000	7.5%
<b>Personnel Subtotal</b>	<b>8,992,571</b>	<b>9,428,071</b>	<b>9,619,389</b>	<b>9,890,521</b>	<b>4.9%</b>
Contractual Services	1,107,608	1,008,550	1,073,851	1,084,531	7.5%
Operating Expenditures	1,459,125	1,462,505	1,498,584	1,564,121	6.9%
Capital Outlay	54,061	77,340	123,369	115,870	49.8%
<b>Operating Subtotal</b>	<b>2,620,794</b>	<b>2,548,395</b>	<b>2,695,804</b>	<b>2,764,522</b>	<b>8.5%</b>
<b>Total Expenditures</b>	<b>\$ 11,613,365</b>	<b>\$ 11,976,466</b>	<b>\$ 12,315,193</b>	<b>\$ 12,655,043</b>	<b>5.7%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 2,621,068	\$ 3,142,208	\$ 3,166,786	\$ 3,288,340	4.7%
<b>Total Revenues</b>	<b>\$ 2,621,068</b>	<b>\$ 3,142,208</b>	<b>\$ 3,166,786</b>	<b>\$ 3,288,340</b>	<b>4.7%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 8,992,297</b>	<b>\$ 8,834,258</b>	<b>\$ 9,148,407</b>	<b>\$ 9,366,703</b>	<b>6.0%</b>

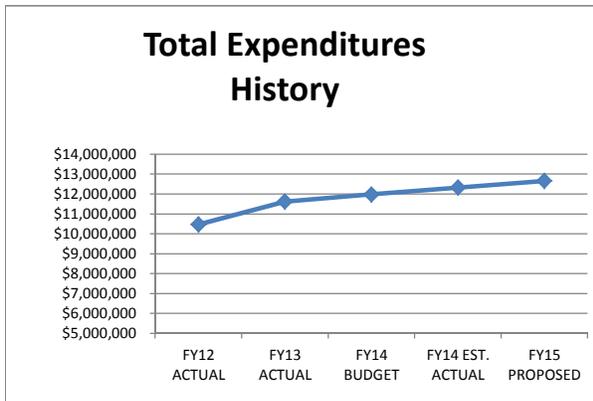
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

During FY14, the City was awarded a second 3 year grant from the Office of Community Oriented Policing Services (COPS) to provide funding toward 2 previously unfunded police officer positions. The grant amount is \$125,000 per officer. The estimated cost to the City over the 3 year period is \$58,288 per officer; followed by 100% salary coverage for an additional 1 year retention period. Also during FY14 HPD added 2 civilian positions. One was the Safe Streets Program Coordinator, fully funded by a Safe Streets Program grant from the Governor's Office of Crime Control and Prevention. The other position was the Recruitment and Training Coordinator. Recent increases in sworn vacancies through grant funding, retirements, and other separations necessitated this position to manage the complex recruitment and selection process. All of these have impacted the total salary increase reflected from FY14 estimated actuals when compared to FY14 budget. There is a 23.3% or \$123K increase in total overtime across the Hagerstown Police Department from the FY14 budget. Last, there is a 59.5% increase or \$46K increase for the purchase of a vehicle for the Safe Speed for School program.

FY14 to Proposed FY15

There is an increase of 3.3% or \$205K in total salaries from FY14 budget to FY15 budget. This increase reflects the settlement of the AFSCME 3373 contract. Additionally, there is an increase of 8.1% or \$218K in total benefits related to the increased employer paid portion of health insurance, dental insurance, workers compensation, and police & fire pension contribution costs. The total overtime is shown with a limit of \$569K. This amount is still 7.5% higher than the FY14 budget but lower than the current level actually occurring in FY14. The 49.8% or \$46K increase in capital outlay expenditures reflects the purchase and replacement of two K-9s, tasers, and other computer and software related items.



**STAFFING SUMMARY**

	FY13	FY14		FY15
		Budg	Est Act	
Full time	118.00	121.00	121.00	122.00
Less: Unfunded	-8.00	-3.00	-3.00	-1.00
<b>Staffing Total</b>	<b>110.00</b>	<b>118.00</b>	<b>118.00</b>	<b>121.00</b>
Part time	6.00	18.00	18.00	19.00
<b>Total Part time</b>	<b>6.00</b>	<b>18.00</b>	<b>18.00</b>	<b>19.00</b>

HPD currently has 1 vacant civilian position (Bookkeeping/ Clerk Typist) that is scheduled to remain unfunded for FY15. At the beginning of the fiscal year, HPD will have several additional funded positions temporarily filled by trainees attending a state approved police academy. Those positions will be eliminated after the trainees complete the academy and move into vacant police officer positions.

POLICE - CONSOLIDATED - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURES BY PROGRAM**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES</b>					
Police Administration	\$ 713,595	\$ 561,501	\$ 656,068	\$ 742,001	32.1%
HPD Information Technology	156,013	165,108	165,108	182,550	10.6%
Community Programs	-	40,321	40,321	40,321	0.0%
Police Records	203,085	213,392	205,868	170,491	-20.1%
Communication / Dispatch	443,795	441,714	447,713	449,547	1.8%
Professional Services	228,413	226,860	231,642	229,945	1.4%
HPD Building	157,506	165,891	172,500	173,478	4.6%
Western Maryland Laboratory	363,960	315,089	322,198	335,991	6.6%
Police K-9	6,732	23,150	22,650	34,550	49.2%
Evidence & Property	3,614	65,398	66,118	71,120	8.7%
Patrol	6,338,299	6,745,792	6,907,051	7,047,996	4.5%
Criminal Investigation Division	1,056,250	1,106,780	1,029,891	1,043,700	-5.7%
Patrol Vehicles	457,162	456,911	467,042	452,894	-0.9%
Narcotics Task Force	770,509	787,657	801,677	817,615	3.8%
Police Auxiliary	14,311	17,830	16,567	15,950	-10.5%
Speed Camera Enforcement	700,121	643,072	762,779	846,893	31.7%
<b>Total Expenditures</b>	<b>\$ 11,613,365</b>	<b>\$ 11,976,466</b>	<b>\$ 12,315,193</b>	<b>\$ 12,655,042</b>	<b>5.7%</b>
<b>REVENUES</b>					
Departmental Revenue	\$ 2,621,068	\$ 3,142,208	\$ 3,166,786	\$ 3,288,340	4.7%
<b>Total Revenues</b>	<b>\$ 2,621,068</b>	<b>\$ 3,142,208</b>	<b>\$ 3,166,786</b>	<b>\$ 3,288,340</b>	<b>4.7%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 8,992,297</b>	<b>\$ 8,834,258</b>	<b>\$ 9,148,407</b>	<b>\$ 9,366,702</b>	<b>6.0%</b>

FIRE - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

Conduct research, planning, record keeping, personnel and general management functions of the Fire Department. Improve the quality of life through fire prevention, fire safety education, fire suppression, rescue and other special services to all the people that live, visit, work and invest in the City of Hagerstown.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Fire Suppression - Control and bring to a rapid and safe termination all emergency incidents with sufficient well trained and equipped personnel. Maintain the apparatus, facilities, equipment and personnel necessary to provide fire suppression and First Responder emergency medical service.
- Fire Marshall - Provide education to the general public and develop fire safety programs. Conduct residential fire safety surveys and respond to citizen requests for smoke detector installations the same day. Investigate and determine the origin and cause of all fires. Prosecute arson cases to the fullest extent of the law. Review building plans, conduct inspections, enforce codes, and investigate and resolve reports of fire code violations.
- Training - Operate and maintain the Training Center on Bowman Ave. This includes a burn building, training tower, classroom building, test pit and numerous props. Include all training related expenses for both career and volunteer personnel. Maintain certification level of all personnel, including but not limited to Hazardous Materials, Blood Borne Pathogens, CPR and NIMS. Insure that training classes are available for volunteer personnel during off hours; i.e. nights and weekends.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of emergency incidents	2,570	2,587	2,648
Average response time to emergencies in minutes	4.3	3.6	4.0
Percent of structure fire causes identified	97.0%	n/a	100.0%
Ratio of arrests to convictions by Fire Marshall Office	37    37	19    18	21    21
Number of Inspections	1,515	2,322	2,711
Number of free smoke detectors installed	753	825	600
Number of educational programs presented	809	619	813
Number of people attending educational programs	7,688	5,880	5,750
Average number of firefighters responding per incident	6	6	6
Number of active volunteer firefighters that received benefits	15	17	19
Number of active volunteers that responded to 25 or more incidents but didn't qualify for incentive benefit	2	2	0

FIRE - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 3,930,511	\$ 4,083,257	\$ 4,070,480	\$ 4,079,417	-0.1%
Benefits	1,650,517	1,792,959	1,810,223	1,985,665	10.7%
Overtime	243,041	150,000	200,000	200,000	33.3%
<b>Personnel Subtotal</b>	<b>5,824,069</b>	<b>6,026,216</b>	<b>6,080,703</b>	<b>6,265,082</b>	<b>4.0%</b>
Contractual Services	43,406	39,000	46,000	58,000	48.7%
Operating Expenditures	336,928	337,184	367,217	347,249	3.0%
Capital Outlay	779	5,000	5,500	4,750	-5.0%
<b>Operating Subtotal</b>	<b>381,113</b>	<b>381,184</b>	<b>418,717</b>	<b>409,999</b>	<b>7.6%</b>
<b>Total Expenditures</b>	<b>\$ 6,205,182</b>	<b>\$ 6,407,400</b>	<b>\$ 6,499,420</b>	<b>\$ 6,675,081</b>	<b>4.2%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 110,945	\$ 126,815	\$ 122,766	\$ 128,815	1.6%
<b>Total Revenues</b>	<b>\$ 110,945</b>	<b>\$ 126,815</b>	<b>\$ 122,766</b>	<b>\$ 128,815</b>	<b>1.6%</b>
<b>Expenditures, Net of Revenues</b>	<b>\$ 6,094,237</b>	<b>\$ 6,280,585</b>	<b>\$ 6,376,654</b>	<b>\$ 6,546,266</b>	<b>4.2%</b>

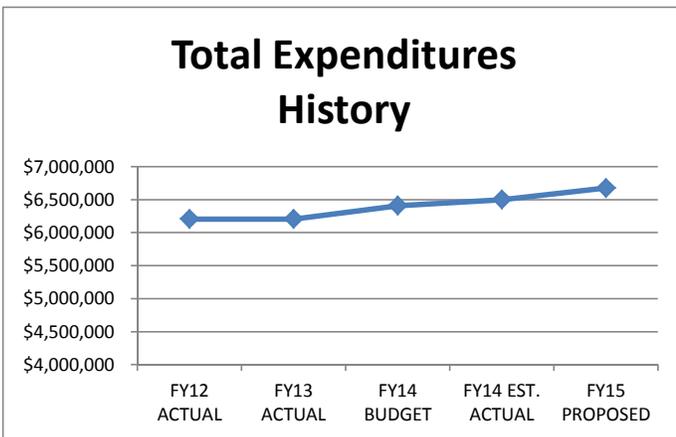
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

*Adopted FY14 to Estimated Actual FY14*

Overall, total personnel expenses reflect a 0.9% increase from FY14 budget to FY14 estimated actuals. The slight decrease in salaries is a result of recently filling vacant positions. The positions were originally included in FY14 budget for a full-year and at higher rates resulting in slightly lower salary projections for FY14 estimated actuals. Additionally, FY14 budget salaries included \$29K for anticipated retirement pay-outs that have not happened. Total benefits reflects a 1.0% or \$17K increase over FY14 budget for higher health insurance costs. Last, overtime is 33.3% or \$50 over FY14 budget based on current FY14 trends and actual FY13 trends.

*FY14 to Proposed FY15*

Salary expenses are expected to increase by 4% or \$149K over FY13 actuals. It is difficult to make comparisons to FY14 budget due to the timing of vacant positions being filled and no anticipated retirement pay-outs in FY15 budget. The 4% increase over FY13 actuals reflects a COLA being included for all non-union and 1605 Firefighter union members. Total benefits reflect a 10.7% or \$193K increase due to rising employer costs for health insurance (8%), dental insurance (3.5%), police & fire pension contribution (10.7%), and workers compensation. The overtime reflects a maximum limit of \$200K which is \$50K higher than FY14 budget but lower than actual levels experienced in FY13. Contractual services reflect an increase due to medical physicals being completed FY15. Medical Services change every other year, alternating with stress tests. Operating expenses will reflect a slight increase due to adding PAL memberships and increased fleet and building insurances. Finally, departmental revenue continues to remain flat.



**STAFFING SUMMARY**

	FY14			FY15
	FY13	Budg	Est Act	
Full time	83.00	83.00	83.00	83.00
Less: Unfunded	-8.00	-5.00	-5.00	-5.00
<b>Staffing Total</b>	<b>75.00</b>	<b>78.00</b>	<b>78.00</b>	<b>78.00</b>

In response to the shortfall in State and County shared revenues, the Fire Department has five (5) vacant full time positions, which will remain unfunded during FY15.

PUBLIC WORKS - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Public Works Department provides for the maintenance of streets, traffic control devices, building maintenance and the city's fleet of vehicles and equipment. Street maintenance includes repairs (potholes, storm drains), street cleaning and snow removal of the 110 lane miles within the city. Traffic control works closely with the Engineering Department to maintain and coordinate the 131 signaled intersections. The thousands of traffic signs also fall under this division. Buildings maintenance includes multiple buildings with over 17 tenants. Finally, fleet maintenance repairs the vehicles and equipment for every department within the city including all utilities, parks, public works, fire and police.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Building maintenance includes the remodeling of the Public Works main office, facade improvements to the Market House, construction of a new interrogation room at HPD and painting of the clock tower at City Hall.
- Continue repairs and maintenance to the storm drain systems consisting of over 4,000 storm drains. Public Works coordinates its efforts with the Engineering Department on the street overlay program by making street repairs ahead of the asphalt overlay. Tree maintenance and landscaping will continue to be an important element of Public Works. Installation of a flood warning system on Memorial Blvd. will be completed during the summer months.
- New pedestrian signals will be installed at the intersection of Walnut St. & Antietam Street and at the intersection of Cannon Ave. & Antietam Street. There are currently no pedestrian signals at these intersections.
- Several projects are planned for the Parking System. Repairs will continue to the University District Parking Deck including masonry work, caulking and new lighting. The Church St. Parking Lot will have new overhead lights installed, pavement preservation work (crack sealing and limited pavement replacement) with sidewalk improvements to include new handicap ramps.
- Replacement of the emergency generator that powers the fuel island has become necessary. The engine is 25+ years old and the enclosure is in need of replacement. Grant funding was not available in FY14 for this project.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of lane miles swept	11,100	10,700	11,500
Snow storm costs	\$ 276,103	\$ 399,900	\$ 400,000
Tons of Salt Used	1,500	2,000	1,500
Bulk Trash Collections	175	156	150
Traffic Islands Maintained	172	175	180
Public Trash Cans Maintained	169	169	169
Signaled Intersections	132	132	132
Sign Work Orders	142	166	165
Vehicles & Equipment Maintained	384	384	384

PUBLIC WORKS - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 1,417,244	\$ 1,378,361	\$ 1,436,682	\$ 1,437,850	4.3%
Benefits	569,569	617,670	620,208	665,978	7.8%
Overtime	48,037	37,630	49,003	49,000	30.2%
<b>Personnel Subtotal</b>	<b>2,034,850</b>	<b>2,033,661</b>	<b>2,105,893</b>	<b>2,152,828</b>	<b>5.9%</b>
Contractual Services	134,363	181,550	183,300	185,200	2.0%
Operating Expenditures	1,055,562	1,040,629	1,040,941	940,438	-9.6%
Capital Outlay	15,385	19,565	20,415	22,765	16.4%
<b>Operating Subtotal</b>	<b>1,205,310</b>	<b>1,241,744</b>	<b>1,244,656</b>	<b>1,148,403</b>	<b>-7.5%</b>
<b>Total Expenditures</b>	<b>\$ 3,240,160</b>	<b>\$ 3,275,405</b>	<b>\$ 3,350,549</b>	<b>\$ 3,301,231</b>	<b>0.8%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	\$ 167,536	\$ 158,700	\$ 150,050	\$ 145,050	-8.6%
<b>Total Revenues</b>	<b>\$ 167,536</b>	<b>\$ 158,700</b>	<b>\$ 150,050</b>	<b>\$ 145,050</b>	<b>-8.6%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 3,072,624</b>	<b>\$ 3,116,705</b>	<b>\$ 3,200,499</b>	<b>\$ 3,156,181</b>	<b>1.3%</b>

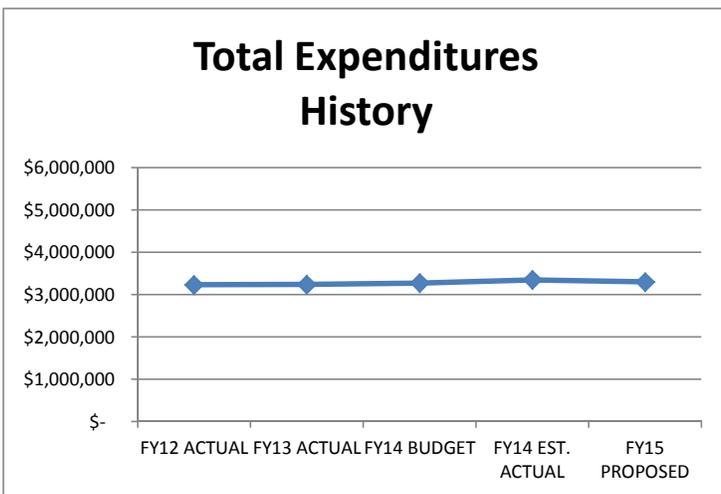
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Total personnel expenditures from the FY14 budget to the FY14 estimated actual reflect an increase of 4.2% or \$59,489 as a result of current FY14 COLA and the settlement of AFSCME 1540 contract. There is an increase of 30.2% or \$11,000 for overtime related costs for general Public Works and street maintenance costs. FY14 estimated actuals are flat compared to FY13 actuals.

FY14 to Proposed FY15

Total personnel expenditures from the FY14 budget to the FY15 proposed budget reflect an increase of 4.3% or \$58,321. The increase in salary and wages reflects a COLA in FY15. Total benefit costs reflect an overall 7.8% increase which reflects rising employer contribution for health and dental insurance cost. There is an increase in capital outlay expenditures of 16.4% or \$3,200. The increase request is to include minimal computer replacement of \$1,800 and include an additional \$2,000 for minor repairs and improvements in City Hall.



**STAFFING SUMMARY**

	FY14			FY15
	FY13	Budg	Est Act	
Full time	33.40	32.90	32.90	32.90
Less: Unfunded	-5.00	-5.00	-5.00	-5.00
<b>Staffing Total</b>	<b>28.40</b>	<b>27.90</b>	<b>27.90</b>	<b>27.90</b>
Part time Seasonal	8.00	8.00	8.00	8.00
<b>Total Part time</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>

In response to the shortfall in State and County shared revenues during FY09, the Public Works Department has five (5) vacant full time positions, which were unfunded during FY13 and will continue to remain unfunded through FY15.

PUBLIC WORKS - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURES BY PROGRAM**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES</b>					
City Hall	\$ 299,649	\$ 278,255	\$ 120,877	\$ 122,079	-56.1%
Signal Supervision	547,656	581,611	531,001	537,578	-7.6%
Street Lighting	684,314	720,000	650,000	650,000	-9.7%
Snow Removal	276,103	399,900	408,900	358,900	-10.3%
Street Cleaning	388,363	497,843	375,639	336,487	-32.4%
Gas Station & Maintenance Garage	330,575	278,833	267,770	306,597	10.0%
Public Works & Streets Maintenance	575,701	416,886	869,702	887,857	113.0%
Central Equipment Building	137,799	102,077	126,660	101,733	-0.3%
<b>Total Expenditures</b>	<b>\$ 3,240,160</b>	<b>\$ 3,275,405</b>	<b>\$ 3,350,549</b>	<b>\$ 3,301,231</b>	<b>0.8%</b>
<b>REVENUES</b>					
Departmental Revenue	\$ 167,536	\$ 158,700	\$ 150,050	\$ 145,050	-8.6%
<b>Total Revenues</b>	<b>\$ 167,536</b>	<b>\$ 158,700</b>	<b>\$ 150,050</b>	<b>\$ 145,050</b>	<b>-8.6%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 3,072,624</b>	<b>\$ 3,116,705</b>	<b>\$ 3,200,499</b>	<b>\$ 3,156,181</b>	<b>1.3%</b>

UNALLOCATED EXPENSES - PROGRAM SUMMARY  
FISCAL YEAR 2014/2015

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**DEBT SERVICE - PRINCIPAL AND INTEREST**

Debt Service is used to account for the principal and interest payment expense on the City's loans, bonds and lease financings. Remaining outstanding loans for FY2014/15 proposed budget include the following current issues: 2004, 2005, 2006, 2009A, 2009B, and 2013 public improvement bond issues, and a 2012 loan issuance for financing of recycling totes. In addition, the following anticipated bond issues are included: 2014 and 2015 future public improvement bond issues. Finally, the annual debt service requirements for capital improvement program items (listed in detail in Section 9 of the budget book) funded by lease or bond financing are included in this section.

**RETIREE HEALTH COSTS**

This budget includes health and dental insurance benefit costs for General Fund qualified retirees and dependents. The cost of providing hospitalization and dental insurance to the City's retirees is financed on a pay-as-you-go basis. The health insurance is a contributory plan, with retirees sharing the cost of dependence coverage and the City paying 80% of the retirees' cost in full. The dental is also a contributory plan with retirees paying the full cost of dependency coverage and the City paying the retiree's cost in full. The City pays 80% of the costs of providing these health and dental insurance benefits to its retirees and their dependents.

In Fiscal Year 2009/10, the City began to record the annual required contributions to record the cost of these benefits as they are earned over the course of their career with the City. This change in accounting procedure will increase the cost of retiree benefits over the out-of-pocket method we currently use. This increase in cost for "Other Post Employment Benefits" is reflected in the Health Care Fund, an Internal Service Fund.

**INVENTORY ADJUSTMENTS**

This budget includes an amount to cover write-off of obsolete inventory carried by the General Fund.

**CAPITAL IMPROVEMENTS PROGRAM AND FUND BALANCE APPROPRIATIONS**

The current year portion of the general governmental capital improvements from the five-year CIP Program are accounted for in a separate Capital Improvements Program (CIP) Fund. The Capital Improvements Program transfer represents the General Fund's current funding requirements for capital projects anticipated to begin during each year. In addition, the City made a commitment to implement a new Invest Hagerstown grant program (also called first third grant program). As residential and commercial applicants are approved for this program, funding will be transferred from prior years' General Fund surplus to the Economic Redevelopment fund to cover the associated costs.

**OPERATING TRANSFERS TO OTHER FUNDS**

Transfers to the Golf Course Fund represent the amount necessary from the General Fund to cover this fund's annual operating and capital expenditure needs in excess of revenues generated by the fund itself. The FY15 budget includes no annual operating transfer to the Economic Redevelopment Fund which would be utilized for community based initiatives that support the vision of the City. Transfers to the Special Revenue Grant Fund represent local matches required by various federal, state, and local agencies in accordance with awarded grant terms and conditions. There are no anticipated Special Revenue Grant Fund transfers estimated for the FY15 budget.

**CONTINGENCY RESERVES**

This account group includes funds that are expected to be required during the coming year for a number of General Fund activities. The funds will not be transferred into the appropriate accounts until they are required. In FY14, a reserve of \$250,000 for savings associated with the management of future vacancies in various departments has been provided, as well as a \$510,981 general contingency which will be utilized to offset additional workers compensation premiums. Finally, there are two salary contingencies that are listed in anticipation of providing salary enhancements as union contracts are settled and finalized.

**CONTRIBUTIONS TO OTHER AGENCIES POLICY**

Contributions to Other Agencies accounts for the contributions the City makes to several organizations. The contributions to be made are based on the following criteria:

- 1) The organization provides a service which could be considered to be a significant value to the objectives of a City function, and/or
- 2) The organization makes a reasonable contribution to the social and cultural environment of Hagerstown.
- 3) The significance of the City contribution on the organization's budget; and, their ability to enlist financial support from other sources and from revenue for services needed.

UNALLOCATED EXPENSES - PROPOSED EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>DEBT SERVICE-PRINCIPAL AND INTEREST</b>					
1997 General Obligation Bonds	102,622	-	-	-	0.0%
1998 General Obligation Bonds	153,001	81,616	81,616	-	-100.0%
2004 General Obligation Bonds	122,288	123,955	123,580	124,898	0.8%
2005 Public Facilities Bonds	327,994	329,080	328,986	329,802	0.2%
2006 Public Facilities Bonds	648,772	650,676	650,676	647,969	-0.4%
2007 HTC-WCSF Ice Rink Loan	34,932	-	-	-	0.0%
2009-A Public Facilities Bonds	383,645	386,084	385,719	385,483	-0.2%
2009-B Public Facilities Bonds (Build America Bond)	185,774	279,081	278,716	278,716	-0.1%
2012 Tote Loan	73,101	73,101	73,101	73,101	0.0%
2013 General Obligation Bonds	-	65,610	-	45,588	-30.5%
2014 Future General Obligation Bond	-	192,223	-	79,184	-58.8%
2015 Future General Obligation Bond	-	-	-	34,259	0.0%
<b>Total Expenses</b>	<b>\$ 2,032,129</b>	<b>\$ 2,181,426</b>	<b>\$ 1,922,394</b>	<b>\$ 1,999,000</b>	<b>-8.4%</b>
<b>RETIREE HEALTH COSTS</b>					
Health Insurance	\$ 1,109,361	\$ 1,168,894	\$ 1,168,894	\$ 1,262,406	8.0%
Dental Insurance	44,576	40,628	44,576	46,136	13.6%
<b>Total Expenses</b>	<b>\$ 1,153,937</b>	<b>\$ 1,209,522</b>	<b>\$ 1,213,470</b>	<b>\$ 1,308,542</b>	<b>8.2%</b>
<b>INVENTORY ADJUSTMENTS</b>					
Physical Inventory Adjustments	\$ (1,566)	\$ 5,000	\$ 5,000	\$ 5,000	0.0%
E&O Inventory Write-offs	3,432	5,000	5,000	5,000	0.0%
<b>Total Expenses</b>	<b>\$ 1,866</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>	<b>0.0%</b>
<b>CIP, FUND BALANCE APPROPRIATIONS, AND OTHER TRANSFERS</b>					
Capital Transfers Out - CIP Fund	\$ 1,102,759	\$ 687,868	\$ 818,968	\$ 215,200	-68.7%
Capital Transfers Out-Property Management	-	-	-	-	0.0%
GF Fund Balance Out - CIP Fund	-	-	-	588,500	0.0%
GF Fund Balance Out - Economic Redevelopment for Invest Hagerstown Program	-	-	15,000	235,000	0.0%
<b>Total Expenses</b>	<b>\$ 1,102,759</b>	<b>\$ 687,868</b>	<b>\$ 833,968</b>	<b>\$ 1,038,700</b>	<b>51.0%</b>
<b>OPERATING TRANSFERS TO OTHER FUNDS</b>					
Golf Course Fund	\$ 272,000	\$ 200,000	\$ 258,000	\$ 200,000	0.0%
Economic Redevelopment Fund for Community Based Initiatives	200,000	100,000	100,000	-	-100.0%
Special Revenue Grant Fund	37,752	67,241	46,544	-	-100.0%
<b>Total Expenses</b>	<b>\$ 509,752</b>	<b>\$ 367,241</b>	<b>\$ 404,544</b>	<b>\$ 200,000</b>	<b>-45.5%</b>
<b>CONTINGENCY RESERVES</b>					
Vacancy Savings	\$ -	\$ (250,000)	\$ -	\$ (250,000)	0.0%
Salary & Position Mid-year Contingencies	-	400,000	-	-	-100.0%
Salary Contingency: 3373 Contract Settlement	-	-	-	63,019	0.0%
Salary Step Contingency: 1540, 1605, & Non-union	-	-	-	366,000	0.0%
General Contingency	(4,915)	175,000	-	510,981	192.0%
<b>Total Expenses</b>	<b>\$ (4,915)</b>	<b>\$ 325,000</b>	<b>\$ -</b>	<b>\$ 690,000</b>	<b>112.3%</b>

UNALLOCATED EXPENSES - PROPOSED EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>CONTRIBUTIONS TO OTHER AGENCIES</b>					
Art Museum	\$ 40,500	\$ 40,500	\$ 40,500	\$ 40,500	0.0%
BOE Celebration of Excellence	200	200	200	200	0.0%
CASA	27,000	27,000	27,000	27,000	0.0%
Character Counts Program	1,000	1,000	1,000	1,000	0.0%
Children's Village	250	250	2,250	250	0.0%
Choral Arts Society	810	810	810	810	0.0%
Community Rescue Service	45,000	45,000	45,000	45,000	0.0%
Contemporary School of the Arts	4,050	4,050	4,050	4,050	0.0%
Discovery Station	14,400	14,400	14,400	14,400	0.0%
Educator of the Year Award-Chamber	250	250	250	250	0.0%
Hagerstown Municipal Band	18,000	18,000	18,000	18,000	0.0%
Hagerstown Neighborhood Develop Partnership	49,022	50,000	50,000	50,000	0.0%
Marlyand Food Bank-Western Branch	-	3,000	3,000	3,000	0.0%
Maryland Symphony Orchestra	17,550	17,550	17,550	17,550	0.0%
Maryland Theatre	31,411	9,000	69,000	209,000	2222.2%
USM-Hagerstown-Scholarship	4,050	4,050	4,050	4,050	0.0%
Washington County Art Council	3,000	3,000	3,000	3,000	0.0%
Washington County Free Library	31,500	31,500	31,500	31,500	0.0%
Washington County Historical Society	2,430	2,430	2,430	2,430	0.0%
Unspecified Agency Contributions	500	1,500	1,500	1,500	0.0%
<b>Total Contributions to Other Agencies</b>	<b>\$ 290,923</b>	<b>\$ 273,490</b>	<b>\$ 335,490</b>	<b>\$ 473,490</b>	<b>73.1%</b>

GENERAL FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>COMMUNITY AFFAIRS</b> 0103003-5865 Computer Equipment	Upgrade hardware and software	Improve quality of service	1,500
<b>FINANCE &amp; ACCOUNTING</b> 0107001-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	500
0107001-5865 Computer Equipment	Upgrade hardware and software	Improve quality of service	1,600
<b>TOTAL FINANCE &amp; ACCOUNTING</b>			<b>2,100</b>
<b>INFORMATION TECHNOLOGY</b> 0107200-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	1,000
0107200-5865 Computer Equipment	Replace Computers	Replace As Needed	2,400
<b>TOTAL INFORMATION TECHNOLOGY</b>			<b>3,400</b>
<b>SUPPORT SERVICES</b> 0107201-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	1,000
0107201-5865 Computer Equipment	Replace Computers	Replace As Needed	1,400
0107201-5867 Communication Equipment	Phone Parts Not Under Maintenance	Replace As Needed	400
<b>TOTAL SUPPORT SERVICES</b>			<b>2,800</b>
<b>CASHIERING</b> 0107206-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	1,000
0107206- 5865 Computer Equipment	Replace Computer	Improve quality of service	1,300
<b>TOTAL CASHIERING</b>			<b>2,300</b>
<b>PLANNING</b> 0109001-5865 Computer Equipment	Replace Computer	Replace As Needed	1,600

GENERAL FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>CITY HALL BUILDING</b>			
0109003-5821 Office Buildings	Replace A/C Units	Replace As Needed	1,800
0109003-5839 Portable Tools/Equipment	Replace Vacuum Cleaner	Replace As Needed	600
0109003-5863 Decorative & Lighting	Flooring For Administrative Assistants Office, Council's Office & Council Chambers	Replace As Needed	7,000
<b>TOTAL CITY HALL BUILDING</b>			<b>9,400</b>
<b>CITY ENGINEER</b>			
0109004-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	200
0109004-5865 Computer Equipment	Replace Computers	Replace As Needed	2,000
<b>TOTAL CITY ENGINEER</b>			<b>2,200</b>
<b>HUMAN RESOURCES</b>			
0109005-5832 Photography Equipment	Video Surveillance Camera	Replace As Needed	200
0109005-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	2,000
0109005-5865 Computer Equipment	Replace Computer	Replace As Needed	1,000
<b>TOTAL HUMAN RESOURCES</b>			<b>3,200</b>
<b>POLICE ADMINISTRATION</b>			
0110001-5861 Desks, Chairs & Tables	Replace Furniture (Worn Office Chairs & CID's)	Replace As Needed	2,500
<b>POLICE INFORMATION TECHNOLOGY</b>			
0110003-5861 Desks, Chairs & Tables	Replace Furniture	Replace As Needed	2,000
0110003-5865 Computer Equipment	Replace Servers, Notebooks, Tablets, PC's	Replace As Needed	25,000
<b>TOTAL POLICE INFORMATION TECHNOLOGY</b>			<b>27,000</b>

GENERAL FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>PROFESSIONAL STANDARDS DIV</b>			
0110203-5839 Portable Tools/Equipment	Replace Tools & Equipment	Replace as Needed	250
0110203-5865 Computer Equipment	Upgrade hardware and software	Improve quality of service	450
<b>TOTAL PROFESSIONAL STANDARD DIV</b>			<b>700</b>
<b>POLICE BUILDING</b>			
0110204-5830 Non-Portable Equipment	Replace Equipment	Replace As Needed	3,500
0110204-5839 Portable Tools/Equipment	Replace Tools & Equipment	Replace As Needed	250
<b>TOTAL POLICE BUILDING</b>			<b>3,750</b>
<b>WESTERN MARYLAND LAB</b>			
0110205-5832 Photography Equipment	Maintenance And Purchase Photographic Equipment	Required For Forensic Documentation	1,000
0110205-5833 Laboratory Equipment	Purchase Lab Equipment	Replace Aging, Outdated Equip	1,500
<b>TOTAL WESTERN MARYLAND LAB</b>			<b>2,500</b>
<b>POLICE K9 PROGRAM</b>			
0110206-5830 Non-Portable Equipment	Required For K-9 Training	Upkeep Of K-9 Training Area	500
0110206-5839 Portable Tools/Equipment	Purchase Of K-9 Equip (Sleaves, Leashes, Etc.)	Replace Worn Equipment	1,000
0110206- 5898 Other Capitalized Expenses	Replace 2 K9 Dogs	Cost Includes Travel And Training	26,000
<b>TOTAL POLICE K-9 PROGRAM</b>			<b>27,500</b>
<b>POLICE PATROL</b>			
0110401-5832 Photography Equipment	Replace Broken Digital Cameras	Enhance Investigative Documentation Capabilities	600
0110401-5834 Firearms, Body Armor	Police Officer Use / Safety Equipment - Ballistic Vests	Replacement Of Expired Vests & Purchase Of New Vests	13,760
0110401-5839 Portable Tools & Other Equipment -	Purchase Moving Radar Units - LIDAR Speed Measuring Device	New Equipment Needed	12,000
0110401-5848 Bicycles-Repair (& In-Line Skates)	Police Officer Use	Repair And Maintenance	3,400

GENERAL FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
0110401- 5861 Desks, Chairs & Tables	Replace Furniture	Replace as needed	2,500
0110401- 5862 Cabinets	Replace Cabinets	Replace as needed	1,000
0110401-5867 Communication Equipment	Portable Radios	Replace as needed	7,500
<b>TOTAL POLICE PATROL</b>			<b>40,760</b>
<b>CRIMINAL INVESTIGATION</b> 0110402-5830 Non-Portable Equipment	Replace Equipment	Replace as needed	11,160
<b>FIRE DEPARTMENT</b> 0112001-5861 Desks, Chairs & Tables	Purchase Office Furniture	Replace As Needed	1,000
0112001-5865 Computer Equipment	Purchase Computers	Replace As Needed	2,250
0112001-5867 Communication Equipment	Portable Radios	Replace As Needed	1,500
<b>TOTAL FIRE DEPARTMENT</b>			<b>4,750</b>
<b>CODE ADMINISTRATION</b> 0114001-5832 Photography Equipment	Replace Equipment	Replace As Needed	250
0114001-5865 Computer Equipment	Purchase Computers	Replace As Needed	2,000
0114001- 5861 Desks, Chairs & Tables	Replace Desk And Chairs	Replace As Needed	750
<b>TOTAL CODE ADMINISTRATION</b>			<b>3,000</b>
<b>TRAFFIC CONTROL</b> 0116003-5839 Portable Tools & Other Equipment	Replace Power Tools	Replace As Needed	1,500
<b>TRAFFIC SIGNS/LINES</b> 0116004-5839 Portable Tools & Other Equipment	Replace Power Tools	Replace As Needed	500
<b>CENTRAL MAINTENANCE GARAGE</b> 0123003-5839 Portable Tools & Other Equipment	Tools Needed For Garage	Replace As Needed	5,000

GENERAL FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
0123003- 5861 Desks, Chairs & Tables	Replace Table And Chairs	Replace As Needed	500
0123003-5865 Computer Equipment	Replace Computer	Replace As Needed	900
<b>TOTAL CENTRAL MAINTENANCE GARAGE</b>			<b>6,400</b>
<b>PUBLIC WORKS LABOR FORCE</b> 0124001-5865 Computer Equipment	Replace Computers	Replace As Needed	1,800
<b>PAVED STREETS</b> 0124002-5839 Portable Tools & Other Equipment	Street Department Sidewalk & Curb Forms	Replace As Needed	850
<b>STREET GROUNDS MAINTENANCE</b> 0124007-5839 Portable Tools & Other Equipment	Weed Whips & Blowers	Replace As Needed	650
0124007-5856 Mowers	Grounds Maintenance	Replace As Needed	665
<b>TOTAL STREET GROUNDS MAINTENANCE</b>			<b>1,315</b>
<b>CENTRAL EQUIPMENT BUILDING</b> 0124008-5821 Office Buildings	Replacement A/C Units	Replace As Needed	500
0124008-5839 Portable Tools/Equipment	Replace Vacuum Cleaner	Replace As Needed	500
<b>TOTAL CENTRAL EQUIPMENT BUILDING</b>			<b>1,000</b>
<b>SWIMMING POOL</b> 0140202-5839 Portable Tools & Other Equip	Power Washer, Leaf Blower Lawnmower, Power Tools, Etc.	Replace As Needed	1,500
<b>PARKS AND EQUIPMENT DEPARTMENT</b> 0145000-5865 Computer Equipment	Replace Computer	Replace As Needed	1,000
<b>ECOMNOMIC DEVELOPMENT &amp; ADMIN</b> 0150001-5865 Computer Equipment	Replace Computer	Replace As Needed	1,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>168,985</b>

SCHEDULE OF PUBLIC FUNCTIONS  
FISCAL YEAR 2014/2015

FUNCTION DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Augustoberfest	\$ -	\$ -	\$ -	\$ -	100.0%
Augustoberfest (City Services)	19,179	20,000	19,800	20,000	0.0%
BISFA Gala and Auction	-	-	-	3,000	100.0%
Blues Festival (City Services)	41,633	52,000	52,000	52,000	0.0%
Blues Festival	230,244	219,500	217,000	217,000	-1.1%
Christmas Decorating	21,352	18,000	18,000	18,000	0.0%
Christmas In The Park	11,758	11,000	11,000	11,000	0.0%
Downtown Events	400	-	-	-	100.0%
Elks Parades	1,000	-	-	1,500	100.0%
Faire Off the Square Event	1,670	2,100	1,615	-	0.0%
Fairgrounds Harvest Hoedown	6,379	6,500	8,430	8,000	23.1%
Fairgrounds Fireworks	36,641	37,000	37,000	37,000	0.0%
Film Festival	1,500	1,500	1,500	1,500	0.0%
Fishing Tournament-Pangborn	497	2,000	1,000	1,000	-50.0%
Hagerstown 150th Commemoration	(405)	2,000	2,000	3,000	50.0%
Hagerstown 250th Anniversary	3,107	-	-	-	100.0%
Hollyfest/Tree Lighting	1,861	2,000	2,000	3,000	50.0%
Library Events	2,900	4,500	4,500	3,500	-22.2%
MD Theatre 95th Anniversary	-	-	-	4,000	100.0%
Miscellaneous Downtown Events	11,472	10,000	10,000	13,000	30.0%
Miss Maryland Pageant	25,275	31,500	31,500	31,500	0.0%
Mummers Parade	21,351	25,000	25,000	26,000	4.0%
Music by the Lake	4,807	7,800	6,800	7,500	-3.8%
North/South Games	-	-	-	1,500	100.0%
75th Museum Anniversary	-	-	-	4,000	100.0%
Soap Box Derby	-	-	-	6,000	100.0%
University of MD Systems Gala	-	1,500	1,500	1,500	0.0%
University Plaza Events	4,127	10,000	6,000	10,000	0.0%
Utility Benefit Concert	-	-	2,500	2,500	100.0%
Velo Club Bike Race	3,302	3,000	3,000	3,200	6.7%
Veterans WWII Trip	-	-	800	800	100.0%
Wesel Official's Visit to Hagerstown	3,306	1,000	1,000	2,000	100.0%
YMCA Run	-	300	300	300	0.0%
<b>Total Public Function Expenses</b>	<b>\$ 453,356</b>	<b>\$ 468,200</b>	<b>\$ 464,245</b>	<b>\$ 493,300</b>	<b>5.4%</b>

## ENTERPRISE FUNDS SECTION 4

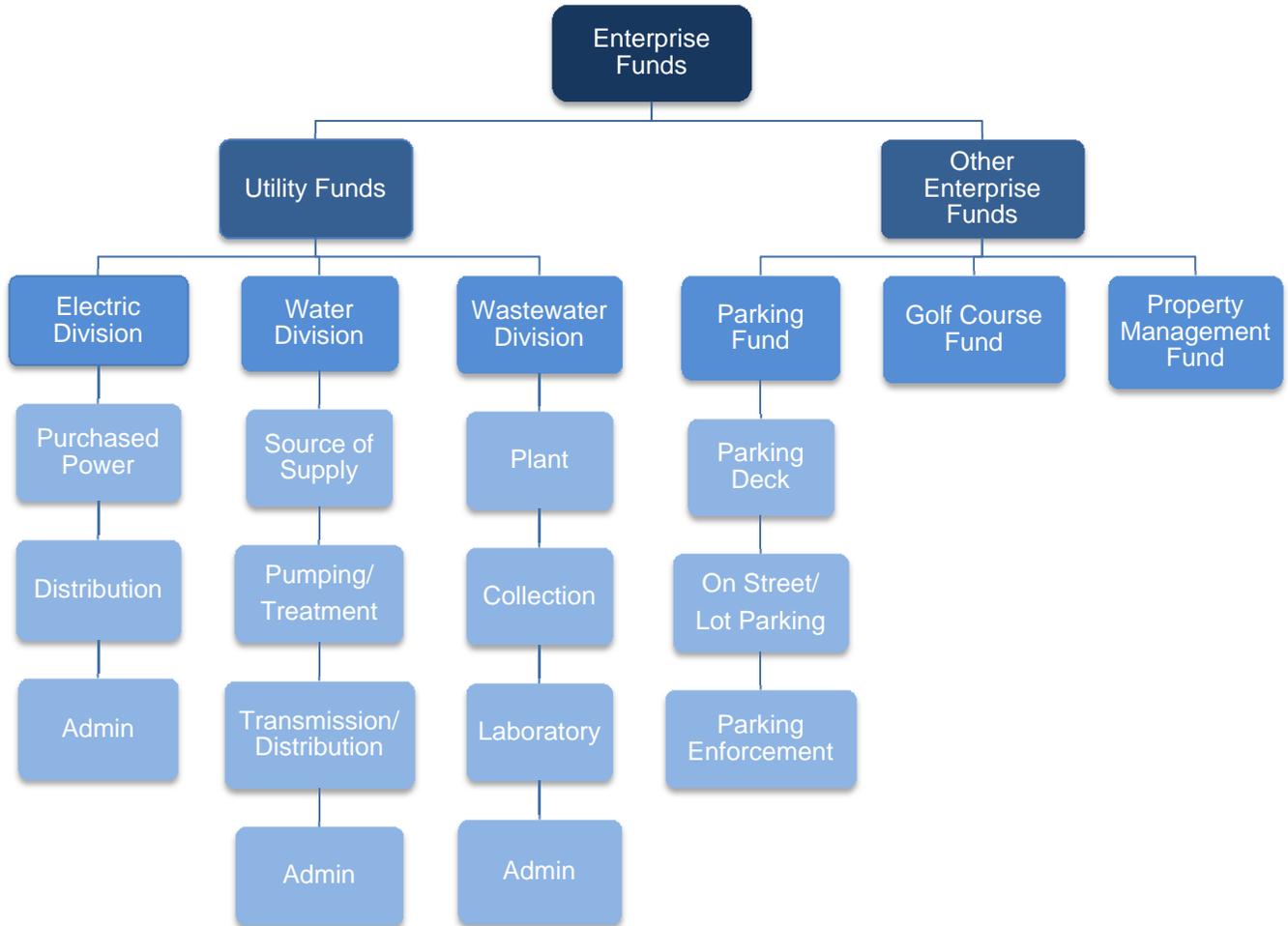
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ENTERPRISE FUNDS – ORGANIZATIONAL CHART  
FISCAL YEAR 2014/15

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ENTERPRISE FUNDS - COMBINING STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	ELECTRIC	WATER	WASTEWATER	PARKING	GOLF COURSE	PROPERTY MANAGEMENT	TOTAL
<b>OPERATING REVENUES</b>							
Service Charges	\$23,486,050	\$10,492,055	\$ 11,781,100	\$ 942,023	\$165,600	\$ 327,538	\$47,194,366
Other Revenues	531,331	746,300	235,165	10,400	20,700	3,000	1,546,896
<b>Total Operating Revenues</b>	<b>24,017,381</b>	<b>11,238,355</b>	<b>12,016,265</b>	<b>952,423</b>	<b>186,300</b>	<b>330,538</b>	<b>48,741,262</b>
<b>OPERATING EXPENSES</b>							
Production and Treatment	17,599,538	3,617,877	5,097,291	-	-	-	26,314,706
Transmission, Distribution & Collection	2,091,558	1,845,915	1,632,915	-	-	-	5,570,388
Selling, General & Administrative	3,162,260	2,802,149	3,029,729	466,476	368,000	368,405	10,197,019
Depreciation	905,000	3,160,000	3,020,000	267,166	38,300	140,000	7,530,466
<b>Total Operating Expenses</b>	<b>23,758,356</b>	<b>11,425,941</b>	<b>12,779,935</b>	<b>733,642</b>	<b>406,300</b>	<b>508,405</b>	<b>49,612,579</b>
<b>Operating Income (Loss)</b>	<b>259,025</b>	<b>(187,586)</b>	<b>(763,670)</b>	<b>218,781</b>	<b>(220,000)</b>	<b>(177,867)</b>	<b>(871,317)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest Earned	130,008	5,000	3,000	500	-	-	138,508
Interest (Expense)	(7,167)	(567,305)	(434,229)	(59,870)	-	-	(1,068,571)
Gain (Loss) on Sale of Capital Assets	(15,000)	10,000	1,000	-	-	-	(4,000)
<b>Total Other Income (Expense)</b>	<b>107,841</b>	<b>(552,305)</b>	<b>(430,229)</b>	<b>(59,370)</b>	<b>-</b>	<b>-</b>	<b>(934,063)</b>
<b>Net Income before Contributions &amp; Transfers</b>	<b>366,866</b>	<b>(739,891)</b>	<b>(1,193,899)</b>	<b>159,411</b>	<b>(220,000)</b>	<b>(177,867)</b>	<b>(1,805,380)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital Contributions	-	500,000	400,000	-	20,000	-	920,000
Developer/Grant Funded	75,000	350,000	340,000	-	-	-	765,000
Operating & Capital Transfers (In)	-	-	-	-	200,000	22,000	222,000
Operating & Capital Transfers (Out)	(29,000)	(29,000)	(29,000)	-	-	(565,000)	(652,000)
<b>Increase (Decrease) in Retained Earnings</b>	<b>412,866</b>	<b>81,109</b>	<b>(482,899)</b>	<b>159,411</b>	<b>-</b>	<b>(720,867)</b>	<b>(550,380)</b>
<b>ADJUST RETAINED EARNINGS TO A UNRESTRICTED CASH FLOW BASIS</b>							
Add Back Depreciation	905,000	3,160,000	3,020,000	267,166	38,300	140,000	7,530,466
Capital Outlay/Fixed Assets	(938,000)	(5,182,900)	(2,983,000)	(80,000)	(62,000)	(85,000)	(9,330,900)
Deduct Non-Cash Contributions	(75,000)	(350,000)	(100,000)	-	-	-	(525,000)
Bond Proceeds	-	4,135,000	1,737,000	-	-	-	5,872,000
Repayment of Principal	(23,234)	(1,394,638)	(1,613,133)	(155,138)	-	-	(3,186,143)
<b>Net Sources (Uses) of Cash</b>	<b>\$ 281,632</b>	<b>\$ 448,571</b>	<b>\$ (422,032)</b>	<b>\$ 191,439</b>	<b>\$ (23,700)</b>	<b>\$ (665,867)</b>	<b>\$ (189,957)</b>

ELECTRIC FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**DEPARTMENT / PROGRAM OVERVIEW**

The Mission of the Utilities Department is to enhance the quality of life in our community by providing reliable, competitively priced utility services through skilled, safety-oriented and customer focused employees. The success of our organization depends on teamwork, professionalism and overall excellence achieved through our commitment to our core values. Customer and employee communication, cooperation, innovation and integrity in each process we perform are keystones to the success of the department. The Utilities Department is responsible for the management of public utilities (Electric, Wastewater and Water) collectively serving a population of nearly 88,000 customers. The Department is responsible for all billing operations, collection of revenue and the oversight of all operating and capital expenses.

**DEPARTMENT / PROGRAM OBJECTIVES**

- We manage the financial operations of the Electric Division to ensure that our existing rate structure remains in place. There are many challenges regarding this endeavor, particularly the recent loss of our two largest customers. The recent weather trends toward milder winters further reduces our ability to increase revenues. The combination of the revenue losses, reduced wholesale power supply costs, and projected increases in wage and benefits will force the Division to continue to reduce CIP and extend the life of our existing assets as required.
- The Electric Division strives to provide dependable uninterrupted electrical service to all customers, approximately 38,000 users, served by the City of Hagerstown. The Division also works to ensure we are providing the most cost effective energy source in the immediate region. Division crews provide new service connections, routine maintenance, street light service throughout the entire City, monitor all substations and related equipment, and ensure the functionality of the metering program to ensure a high quality service.
- The Hagerstown Light Department was awarded a final amount \$43,460 in grant funding through the EmPOWER MD 2013 Clean Energy Communities Low to Moderate Income Grant. The MEA's acceptance of HLD's grant proposal allowed the HLD to purchase and distribute energy saving kits to 1100 low to moderate income customers with the capability of saving approximately 2,000 kWh of electric usage per year/per household. The kits contained CFL bulbs, furnace filters, LED sensors, a surge protector and a canvas tote bag in addition to a water heater wrap kit. Additionally, the expenditure of \$67,132.51 for the in house tree trimming/removal of 556 trees at an average cost of \$124.74 per tree, has allowed us to attain a Customer Average Interruption Duration Index of 1.40 hours per customer, as compared to the 1.41 hours median for North American Utilities. Staff will continue to gather baseline information, utilizing consultants, legal counsel, and trade data related to long term wholesale power purchases. Savings of this nature may be used to offset the expected increase in future energy costs. Additionally, we will continue with our current conservative approach regarding Wholesale Power Supply Agreement extensions as long as the market allows for a decrease in the out year costs. We recently extended the current contract through May 31, 2017 and will realize a savings of \$2.40/MW.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Residential Customers	14,688	14,450	14,464
Number of Commercial Customers	2,558	2,450	2,516
Million Kilowatt-hours Purchased	314	310	303
Million Kilowatt-hours Sold	304	298	294
Customer Average Interruption Duration Index (Hours/customer)	1.40	1.20	1
Number of Employees	31	31	31
Number of Customers Served per Employee	556	545	548

ELECTRIC FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 1,851,664	\$ 1,765,207	\$ 1,806,643	\$ 1,840,235	4.3%
Benefits	915,793	984,634	996,328	992,555	0.8%
Overtime	120,787	114,500	71,750	116,000	1.3%
<b>Personnel Subtotal</b>	<b>2,888,244</b>	<b>2,864,341</b>	<b>2,874,721</b>	<b>2,948,790</b>	<b>2.9%</b>
Contractual Services	136,062	380,581	155,281	160,731	-57.8%
Operating Expenditures	23,116,351	19,122,269	19,882,411	19,741,335	3.2%
Operating Cap Exp (Cap Outlay)	23,255	-	-	-	0.0%
Other General Expenses	940,290	979,762	935,717	973,667	-0.6%
<b>Operating Subtotal</b>	<b>24,215,958</b>	<b>20,482,612</b>	<b>20,973,409</b>	<b>20,875,733</b>	<b>1.9%</b>
<b>Total Expenditures</b>	<b>\$ 27,104,202</b>	<b>\$ 23,346,953</b>	<b>\$ 23,848,130</b>	<b>\$ 23,824,523</b>	<b>2.0%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	27,004,084	23,494,356	24,341,694	24,237,389	3.2%
<b>Total Revenues</b>	<b>\$ 27,004,084</b>	<b>\$ 23,494,356</b>	<b>\$ 24,341,694</b>	<b>\$ 24,237,389</b>	<b>3.2%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 100,118</b>	<b>\$ (147,403)</b>	<b>\$ (493,564)</b>	<b>\$ (412,866)</b>	<b>180.1%</b>

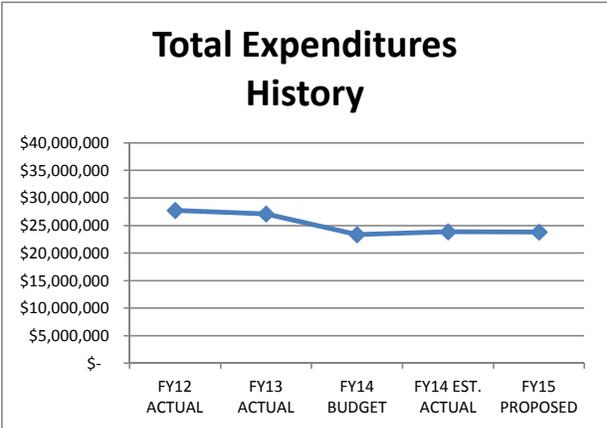
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The Hagerstown Light Department has reduced staff levels over the past decade and currently has 5 unfilled positions, the vehicle fleet has been reduced, all external seminars and non-certification training continue to be monitored. Capital Outlay has been reduced from \$1.3M in FY08 to \$847K in FY14 Estimated Actual (a 35% reduction) and from FY08 to FY14 our total expenditures have decreased from \$33M to \$20.9M for FY14 Estimated Actual (\$12.1M). As with all businesses who are weathering these tough economic times, the HLD utilizes common sense approaches related to energy consumption, material repair/reuse, employee sharing, vehicle re-utilization etc.

Adopted FY14 to Proposed FY15

The Division continues to realize the loss of revenue as a result of the loss of major customers and reduced sales. Operating expenditures reflect an increase based on current customer base and the settled purchase power contract. Likewise, revenue reflects an increase for the purchase power agreement. Negotiations between Allegheny Energy Supply Company, LLC and the City have concluded with an accepted contract extension. The existing Power Service Agreement will be extended for a period of two years, from the current expiration date of May 31, 2015 through the new expiration date of May 31, 2017. The megawatt hour (MWh) charge for service during the extension period will become \$51.50. This represents an expected reduction of approximately \$1,502,956.00 in generation and transmission costs over the extension. The reduction between the 2014/2015 price of \$53.90 and the 2015/2017 price of \$51.50 is \$2.40 per MWh or 4.5% in addition to an estimated \$200,000 savings realized due to the deference of RFP charges related to legal and consultant fees.



**STAFFING SUMMARY**

	FY14			FY15
	FY13	Budg	Est Act	
Full time	39.18	35.58	35.58	35.55
Less: Unfunded	-9.00	-5.00	-5.00	-5.00
<b>Staffing Total</b>	<b>30.18</b>	<b>30.58</b>	<b>30.58</b>	<b>30.55</b>

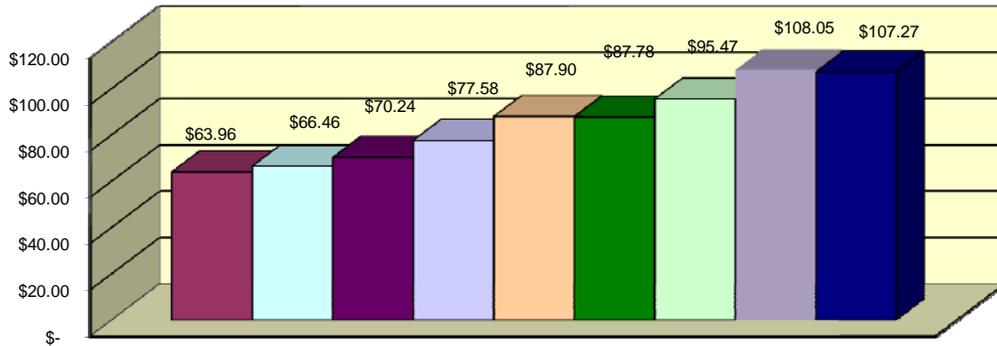
In order to respond to the projected loss of revenue associated with loss of our top two customers, the Division will continue to reduce operational costs through any and all means available through FY15 and beyond.

ELECTRIC FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>OPERATING REVENUES</b>					
Service Charges	\$ 26,032,918	\$ 22,705,000	\$23,548,070	\$ 23,486,050	3.4%
Other Revenues	490,921	414,331	525,315	531,331	28.2%
<b>Total Operating Revenues</b>	<b>26,523,839</b>	<b>23,119,331</b>	<b>24,073,385</b>	<b>24,017,381</b>	<b>3.9%</b>
<b>OPERATING EXPENSES</b>					
Purchased Power	20,942,644	17,059,173	17,769,652	17,599,538	3.2%
Distribution Expenses	2,095,508	2,100,146	2,019,147	2,091,558	-0.4%
Customer Accounts Expenses	1,048,811	958,548	1,079,909	1,083,238	13.0%
Selling, General & Administrative	2,079,025	2,251,824	2,046,205	2,079,022	-7.7%
Depreciation	859,357	920,000	870,000	905,000	-1.6%
<b>Total Operating Expenses</b>	<b>27,025,345</b>	<b>23,289,691</b>	<b>23,784,913</b>	<b>23,758,356</b>	<b>2.0%</b>
<b>Operating Income (Loss)</b>	<b>(501,506)</b>	<b>(170,360)</b>	<b>288,472</b>	<b>259,025</b>	<b>-252.0%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Earned	149,240	143,025	139,936	130,008	-9.1%
Interest (Expense)	(8,818)	(8,012)	(8,012)	(7,167)	-10.5%
Gain (Loss) on Capital Assets	(13,013)	(8,000)	(2,582)	(15,000)	87.5%
<b>Total Other Income (Expense)</b>	<b>127,409</b>	<b>127,013</b>	<b>129,342</b>	<b>107,841</b>	<b>-15.1%</b>
<b>Net Income before Operating Transfers</b>	<b>(374,097)</b>	<b>(43,347)</b>	<b>417,814</b>	<b>366,866</b>	<b>-946.3%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers to CIP Fund	(40,000)	(24,250)	(24,250)	(29,000)	19.6%
<b>Total Transfers From (To) Funds</b>	<b>(40,000)</b>	<b>(24,250)</b>	<b>(24,250)</b>	<b>(29,000)</b>	<b>19.6%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Grants in Aid of Construction	51,811	10,000	-	-	-100.0%
Non-Cash Developer Contributions	262,168	205,000	100,000	75,000	-63.4%
<b>Total Capital Contributions</b>	<b>313,979</b>	<b>215,000</b>	<b>100,000</b>	<b>75,000</b>	<b>-65.1%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>(100,118)</b>	<b>147,403</b>	<b>493,564</b>	<b>412,866</b>	<b>180.1%</b>
Add Back Depreciation	859,357	920,000	870,000	905,000	-1.6%
Deduct Non-Cash Capital Contributions	(262,168)	(205,000)	(100,000)	(75,000)	-63.4%
Changes in Working Capital	250,639	-	-	-	0.0%
Capital Outlay/Fixed Assets	(765,823)	(847,000)	(506,926)	(938,000)	10.7%
Repayment of Principal	(21,638)	(22,525)	(22,525)	(23,234)	3.1%
<b>Net Sources (Uses) of Cash</b>	<b>\$ (39,751)</b>	<b>\$ (7,122)</b>	<b>\$ 734,113</b>	<b>\$ 281,632</b>	<b>-4054.4%</b>

ELECTRIC FUND - CONSUMPTION AND RATE COMPARISON  
FISCAL YEAR 2014/2015

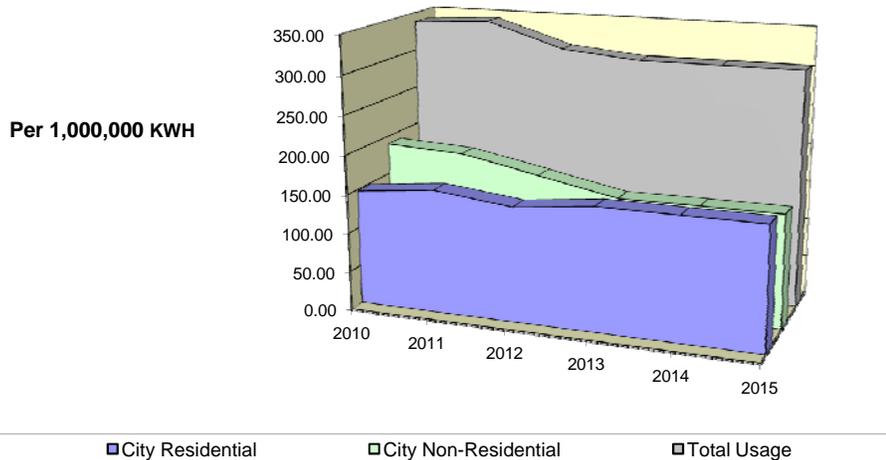
SERVICE CHARGE COMPARISON AS OF FEBRUARY 2014



■ City Hagerstown Light (HLD) - MD	■ West Penn Power - PA	■ Potomac Edison - WV
■ Potomac Edison - MD	■ Shenandoah Valley Elec Coop - VA	■ Borough of Chambersburg - PA
■ Rappahannock Elec Coop - VA (Old)	■ PEPCO - MD	■ BG&E

Shown above are comparative residential rates based on an average usage of 800 kWh per month. City of Hagerstown Light Department (HLD) rates will remain stable for the length of the wholesale contract, which expires May 31, 2015.

ELECTRIC CONSUMPTION FROM 2010 - 2015



Shown above is a trend based on millions of kWh used by HLD customers annually over a five year period. The decrease in non-residential consumption between 2012 and 2013 is due to the loss of Unilver Good Humor-Breyers.

ELECTRIC FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>ELECTRIC REVENUES</b>					
Sales of Electric-Unbilled Readings	\$ (25,120)	\$ -	\$ -	\$ -	0.0%
Residential Lighting	13,626,697	11,656,000	12,257,000	12,206,000	4.7%
Residential Metering	1,021	1,000	1,000	1,000	0.0%
Commercial Lighting	5,494,881	4,848,000	4,997,000	4,997,000	3.1%
Commercial Metering	8,784	10,000	7,800	7,800	-22.0%
Power PI(09)	2,371,632	2,247,000	2,178,000	2,172,000	-3.3%
Power Ph(10)	3,667,477	3,126,000	3,289,000	3,283,000	5.0%
High Voltage-Newstech	144,614	140,000	145,000	146,000	4.3%
Dusk to Dawn	25,538	23,000	22,120	22,120	-3.8%
Street Lighting	692,082	632,000	629,210	629,200	-0.4%
Traffic Lighting	25,312	22,000	21,940	21,930	-0.3%
<b>Total Electric Revenues</b>	<b>26,032,918</b>	<b>22,705,000</b>	<b>23,548,070</b>	<b>23,486,050</b>	<b>3.4%</b>
<b>OTHER REVENUES</b>					
Pole Rental/Attachment Fees	14,567	14,000	21,000	25,000	78.6%
Rents from Electric Properties	-	-	-	-	0.0%
Building Rental-CMG	37,000	38,000	38,000	38,000	0.0%
Rent Income - Sub-Station	3,796	3,796	3,796	3,796	0.0%
Late Fees	-	-	50,000	100,000	100.0%
Miscellaneous Electric Revenue	84,361	50,000	50,000	50,000	0.0%
Reconnection Charges	87,898	90,300	85,300	85,300	-5.5%
Customer Reimbursed Overtime	46,097	25,000	25,000	25,000	0.0%
Scrap Sales	46,583	15,000	75,000	25,000	66.7%
Insurance Reimbursements	27,038	25,000	23,984	26,000	4.0%
Recovery of Notes Receivable-F.U.F.	138,931	148,235	148,235	148,235	0.0%
Bad Check Charges	4,650	5,000	5,000	5,000	0.0%
<b>Total Other Revenues</b>	<b>490,921</b>	<b>414,331</b>	<b>525,315</b>	<b>531,331</b>	<b>28.2%</b>
<b>Total Operating Revenues</b>	<b>\$ 26,523,839</b>	<b>\$ 23,119,331</b>	<b>\$ 24,073,385</b>	<b>\$ 24,017,381</b>	<b>3.9%</b>

ELECTRIC FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>Electric Fund Vehicle Replacement-C0090</b> Replace fleet vehicles scheduled for replacement under the Vehicle Replacement Program	Replace Fleet Vehicles	Replace deteriorating mobile equipment to improve safety for workers and to reduce service restoration time	150,000
<b>Telemetry Equipment-C0111</b> Construction of communication networks to facilitate transmission of data from installed devices in the Electric System	Electrical System	Improve service, increase system reliability	25,000
<b>System Reconductoring-C0259</b> Upgrade power in distribution lines	Poles, Towers & Fixtures, Overhead Devices	Improve service and reliability	20,000
<b>Pedestrian Lighting-C0388</b> Install ornamental street lighting in areas designated by the Mayor & Council	Street & Signal Lighting	Improve aesthetics in the City	10,000
<b>Building &amp; Site Improvements-C0542</b> Improvements to HLD facility on East Baltimore Street	Roof Replacement	Cost avoidance, planned improvement, and improved service	150,000
<b>A&amp;E District Upgrades- C0591</b> Provide system upgrades and improvements on the north side of South Potomac Street	Poles-Towers & Fixtures, O/H Conductors & Devices, Underground Conduit, U/G Conductors & Devices, and Line Transformers	Improved aesthetics and improvements to the A&E district of Downtown Hagerstown	32,000
<b>Test Equipment-C0609</b> Procure/repair test equipment to improve maintenance programs and power quality for customers	Station Equipment	Improve Reliability of Service	7,000
<b>Spare Regulators-C0797</b> Purchase/refurbish voltage regulators and controllers for substations	Station Equipment	Replace, refurbish, and repair sub-station voltage regulators as needed to maintain levels within limits mandated by the MD Public Service Commission	15,000
<b>Wildlife Protection-C0802</b> Purchase and install wildlife protection on substation equipment	Station Equipment	Power outages caused by wildlife within the substations will be reduced and reliability will increase. There will also be a decrease in maintenance repair and/or replacement costs of damaged equipment caused by wildlife.	15,000

ELECTRIC FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>Noland Drive Boys and Girls Club-C0818</b> Reconstruct overhead facilities offsite and install necessary underground equipment onsite to provide electric service	Poles, Towers & Fixtures, Overhead Conductors and Devices, Underground Conductors and Devices, Distribution Line Transformers, Services, Meters	Provide electric service to new customers within the service territory of the HLD	52,000
<b>Hamilton Hotel-C0819</b> Reconstruct overhead facilities offsite and install necessary underground equipment onsite to provide electrical service	Poles, Towers, & Fixtures, O/H Conductors & Devices, Underground Conduit, Conductors & Devices, Line Transformers, Services, and Meters	Provide new electric service to customers within the service territory of the HLD	9,000
<b>Feeder Coordination-C0833</b> Remove, relocate, replace, and/or adjust Circuit Breakers, Reclosers, Fuses, Switches, and Capacitors	Poles, Towers & Fixtures, O/H Conductors & Devices, and Underground Conductors & Devices	Improve system reliability and power quality	25,000
<b>Bester Elementary School-C0841</b> Reconstruct overhead and underground facilities offsite and install necessary underground equipment onsite to provide electrical service	Streetlight Installation along South Potomac	Provide electrical service to new customers within the service territory of the HLD	34,000
<b>Circuit Upgrades-C0842</b> Construct final section of 34.5 kV subtransmission loop between substations	Poles, Towers, & Fixtures, and O/H Conductors & Devices	Improve ability to switch load between substations improving service outage restoration times	20,000
<b>SUBTOTAL PROJECT EXPENSES</b>			<b>\$ 564,000</b>
5085001-583002 Dist-Station Equipment	Costs of installation of station equipment including transformer banks, which are used for the purpose of changing the characteristics of electricity in connection with its distribution	To upgrade existing substation facilities and to continue periodic replacement of aged equipment	25,000
5085001-583004 Dist-Poles, Towers & Fixtures	Costs of installation of poles, towers, and fixtures used for supporting overhead distribution conductors and service wires	To upgrade service to electrical customers and to continue periodic replacement of aged equipment	60,000
5085001-583005 Dist-Overhead Conductors and Devices	Costs of installation of overhead conductors & devices for distribution purposes, including the installation of overhead primary cable, insulators, arrestors, switches and other line hardware	To upgrade existing facilities and to continue periodic replacement of aged equipment	30,000
5085001-583006 Dist-Underground Conduit	Costs of installation on underground conduit and tunnels used for housing distribution cables or wires	To meet the need of electrical customers who are upgrading or installing new services	5,000

ELECTRIC FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
5085001-583007 Dist-Underground Conductors and Devices	Costs of installation of underground conductors and devices used for distribution purposes	To upgrade existing primary electrical wires and for the installation of new primary underground conductors to maintain the reliability of the distribution systems	10,000
5085001-583008 Dist-Line Transformers	Costs of installation of overhead & underground distribution line transformers and pole type and underground voltage regulators owners by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer	To meet the needs of electrical customers who are upgrading their services or building new homes and to replace aging units already in service	100,000
5085001-583009 Dist-Services	Costs of installation of overhead & underground conductors leading from a point where wires leave the last pole of an overhead system, or if an underground system, the distribution box of manholes	To meet the needs of electrical customers who are upgrading their services and building new homes	35,000
5085001-583010 Dist-Meters	Costs of installation of meters or devices for use in measuring the electricity delivered to users	To meet the needs of electrical customers who are upgrading their services and building new homes and to replace obsolete meters currently in the system, as required by the Maryland Public Service Commission	25,000
5085001-583013 Dist-Street & Signal Lighting	Costs of installation of equipment used wholly for public streets	To provide adequate street lighting for City residents	70,000
5085001-583014 Tools Shop & Garage Equip	Cost of tools, implements, and equipment used in construction, repair work, general shops and garages	To maintain and provide miscellaneous improvements to utility construction equipment and facilities	2,000
5085001-5867 Communication Equip	Costs of installation of telephone and wireless equipment for general use in connection with utility operations	To maintain Supervisory Control and Data Control (SCADA), radio communication, telephone service, etc	2,000
5085001-581001 General Plant - Structure	Administrative Building	Replace worn office furniture and computer equipment	5,000
5085001-5860 General Plant - Office Furniture, Fixtures, & Equip	Administrative Building	Replace worn office furniture and computer equipment	5,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 938,000</b>

WATER FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Mission of the Utilities Department is to enhance the quality of life in our community by providing reliable, competitively priced utility services through skilled, safety-oriented and customer focused employees. The success of our organization depends on teamwork, professionalism and overall excellence achieved through our commitment to our core values. Customer and employee communication, cooperation, innovation and integrity in each process we perform are keystones to the success of the department. The Utilities Department is responsible for the management of public utilities (Electric, Wastewater and Water) collectively serving a population of nearly 88,000 customers. The Department is responsible for all billing operations, collection of revenue and the oversight of all operating and capital expenses.

**DEPARTMENT / PROGRAM OBJECTIVES**

- The Water Division supports the Mayor and Council's Strategic Plan through the Division's assistance to all City Departments in the realization of all applicable objectives. As part of the City's approved Strategic Plan, Focus Area "A Safe and Healthy Community", the Water Division completed the construction of the Hellane Park Water Tank to fulfill objective "B" Completion of the West End Water Tank. Staff and Hazen & Sawyer have finalized and bid the RC Willson Phase IV Improvements for Stage 2 DPBR Compliance. The approximately \$11M upgrade at our water treatment plant will ensure compliance with the Maryland Department of the Environment's Disinfected Byproduct II regulations and Safe Drinking Water Act Regulations.
- The Water Division is responsible for the treatment and distribution of 11.6 MGD (2013 average daily demand) of potable water to all City residents and surrounding communities in Washington County. The water system is comprised of approximately 425 miles of water mains, the R.C. Willson and W.M. Breichner treatment plants, four pumping stations and eight water storage tanks. The Division had undergone many improvements over the past 6 years which include the construction of two 6.4 MG tanks, electrical upgrades at R.C. Willson and new valving and transmission mains leaving the R.C. Willson Plant. These improvements help ensure a reliable cost effective water supply to all customers served by the City of Hagerstown.
- To further assist in our financial commitment to the customer, the Division secured a \$1.5M grant, \$1.5M Principal Forgiveness from MDE, and have been approved for a \$6.1M low interest loan for the recently completed design of the Phase IV Improvements for Stage 2 DPBR Project. The project was bid and awarded to Allen E Myers Contracting at \$11M, for the R. C. Willson Water Treatment Plant upgrades. Construction began in late spring. The Water Fund has submitted a request for additional MDE funding for subsequent upgrades to the W.M. Breichner Plant for compliance with the LT2ESWTR and Stage 2 DBPR. The Water Division has set a goal for the replacement of all residential meters by 2016. This will assist with system billing accuracy, the reduction in unallocated water, and reduce customer billing complaints associated with human error. The Department has replaced over 76% of the 28,680 residential meters and we continue to test the 300 commercial meters annually. The Water Division will continue with our \$350,000 budgeted system rehabilitation and main replacement projects through the leak detection program, hydrant and valve program, and through our coordinated efforts with the City/County/State roadway rehabilitation projects. This CIP assists greatly in reducing system operational issues related to water main and equipment failures.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Inside City Customers	13,860	13,082	13,049
Number of Outside City Customers	15,792	15,387	15,548
Million Gallons Produced	4,240	4,233	4,569
Million Gallons Accounted For	3,546	3,482	3,607
Percentage of Unaccounted for Water	16.4%	17.7%	21.1%
Number of Employees	46.5	49.5	49.5
Number of Customers Served per Employee	637	575	578

WATER FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 2,684,568	\$ 2,662,942	\$ 2,848,000	\$ 2,840,590	6.7%
Benefits	1,195,551	1,261,464	1,248,124	1,325,048	5.0%
Overtime	94,590	112,000	114,050	127,000	13.4%
<b>Personnel Subtotal</b>	<b>3,974,709</b>	<b>4,036,406</b>	<b>4,210,174</b>	<b>4,292,638</b>	<b>6.3%</b>
Contractual Services	575,580	656,631	526,481	653,631	-0.5%
Operating Expenditures	2,890,562	3,315,185	3,074,278	3,261,672	-1.6%
Operating Cap Exp (Cap Outlay)	108,003	58,300	48,100	57,800	-0.9%
Other General Expenses	2,710,200	3,535,291	3,469,401	3,767,106	6.6%
<b>Operating Subtotal</b>	<b>6,284,345</b>	<b>7,565,407</b>	<b>7,118,260</b>	<b>7,740,209</b>	<b>2.3%</b>
<b>Total Expenditures</b>	<b>\$ 10,259,054</b>	<b>\$ 11,601,813</b>	<b>\$ 11,328,434</b>	<b>\$ 12,032,847</b>	<b>3.7%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	11,710,593	13,599,022	13,390,798	12,113,956	-10.9%
<b>Total Revenues</b>	<b>\$ 11,710,593</b>	<b>\$ 13,599,022</b>	<b>\$ 13,390,798</b>	<b>\$ 12,113,956</b>	<b>-10.9%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (1,451,539)</b>	<b>\$ (1,997,209)</b>	<b>\$ (2,062,364)</b>	<b>\$ (81,109)</b>	<b>-95.9%</b>

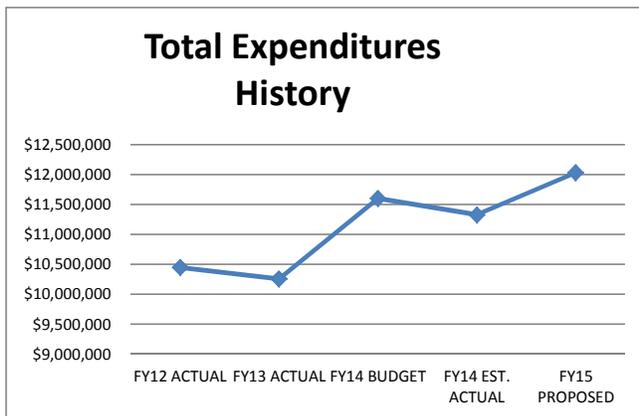
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The Water Division has reduced staff and currently has 4 positions unfunded for FY14. Vehicle replacement purchases have been reduced and moved into future years, all external seminars and non-certification training will be monitored. Capital Outlay has been increased from \$3.7M in FY13 to \$12.6M projected in FY14 due to the Phase IV Improvements for Stage 2 DPBR Compliance at the Willson Plant. From FY13 to FY14 our total operating revenues have increased from \$11.7M to a projected \$13.4M (\$1.7M increase). As with all businesses who are weathering these tough economic times, the Water Division utilizes common sense approaches related to energy consumption, chemical usage, employee sharing etc.. Number of non-active accounts is 1530.

FY14 to Proposed FY15

Total personnel expenditures reflect an increase of 6.3% or \$257K as a result of planned COLA increases for FY15 and the settlement of the AFSCME 1540 union contract. Additionally, it reflects rising employer costs for health and dental insurance, workers compensation, and pension contributions. Total operating expenditures are projected to increase by 2.3% or \$175K as a result of increased depreciation expense associated to the completion of the RC Willson Phase IV Improvements plus rising debt service interest costs. The securing of a \$1.5M grant, \$1.5M Principal Forgiveness from MDE, and approval for a \$6.1M low interest loan from the MD. State Revolving Loan Fund is of great value for our customers as we move forward with meeting the mandated regulatory requirements. Additionally, FY14 revenue reflect the final year of the current rate model structure. Then, staff will be implementing the increases approved in the new five year rate study beginning in FY15. Overall, departmental revenue reflects a decrease to the reduction of grant funded projects.



**STAFFING SUMMARY**

	FY14			
	FY13	Budget	Est Act	FY15
Full time	56.49	55.02	55.02	55.02
Less: Unfunded	-4.00	-4.00	-4.00	-4.00
<b>Staffing Total</b>	<b>52.49</b>	<b>51.02</b>	<b>51.02</b>	<b>51.02</b>

The Division will continue to reduce operational costs through any and all means available through Fiscal Year 15 and beyond through the management of the financial operations while insuring that our existing five year rate model is followed.

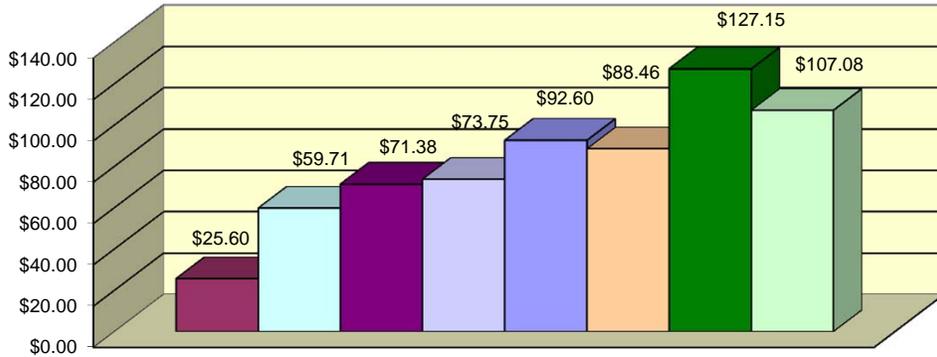
WATER FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	PROPOSED
<b>OPERATING REVENUES</b>					
Service Charges	\$ 9,691,391	\$ 10,355,961	\$ 10,337,000	\$ 10,492,055	1.3%
Other Revenues	1,167,039	624,960	778,200	746,300	19.4%
<b>Total Operating Revenues</b>	<b>10,858,430</b>	<b>10,980,921</b>	<b>11,115,200</b>	<b>11,238,355</b>	<b>2.3%</b>
<b>OPERATING EXPENSES</b>					
Source of Supply	75,384	73,750	62,850	68,900	-6.6%
Pumping & Water Treatment	3,284,905	3,595,566	3,330,434	3,548,977	-1.3%
Transmission & Distribution	1,598,445	1,686,181	1,706,597	1,845,915	9.5%
Selling, General & Administrative	2,590,374	2,711,525	2,759,354	2,802,149	3.3%
Depreciation	2,295,736	2,682,000	2,735,000	3,160,000	17.8%
<b>Total Operating Expenses</b>	<b>9,844,844</b>	<b>10,749,022</b>	<b>10,594,235</b>	<b>11,425,941</b>	<b>6.3%</b>
<b>Operating Income (Loss)</b>	<b>1,013,586</b>	<b>231,899</b>	<b>520,965</b>	<b>(187,586)</b>	<b>-180.9%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Earned	9,650	5,000	5,000	5,000	0.0%
Interest (Expense)	(363,608)	(567,940)	(449,351)	(567,305)	-0.1%
Gain (Loss) on Capital Assets	750	2,500	10,000	10,000	300.0%
<b>Total Other Income (Expense)</b>	<b>(353,208)</b>	<b>(560,440)</b>	<b>(434,351)</b>	<b>(552,305)</b>	<b>-1.5%</b>
<b>Income Before Contribs. &amp; Transfers</b>	<b>660,378</b>	<b>(328,541)</b>	<b>86,614</b>	<b>(739,891)</b>	<b>125.2%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers to CIP Fund	(40,000)	(24,250)	(24,250)	(29,000)	19.6%
Transfers to General Fund-Water Fund Dividend	-	(250,000)	(250,000)	-	
<b>Total Transfers From (To) Funds</b>	<b>(40,000)</b>	<b>(274,250)</b>	<b>(274,250)</b>	<b>(29,000)</b>	<b>-89.4%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Water Benefit Charges	293,665	600,000	500,000	500,000	-16.7%
Grants in Aid of Construction	128,078	1,500,000	1,500,000	-	-100.0%
Non-Cash Developer Contributions	409,418	500,000	250,000	350,000	-30.0%
<b>Total Capital Contributions</b>	<b>831,161</b>	<b>2,600,000</b>	<b>2,250,000</b>	<b>850,000</b>	<b>-67.3%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>1,451,539</b>	<b>1,997,209</b>	<b>2,062,364</b>	<b>81,109</b>	<b>-95.9%</b>
Add Back Depreciation	2,295,736	2,682,000	2,735,000	3,160,000	17.8%
Capital Outlay/Fixed Assets	(3,746,329)	(13,421,000)	(12,555,000)	(5,182,900)	-61.4%
Repayment of Principal	(1,337,777)	(2,083,679)	(1,256,378)	(1,394,638)	-33.1%
Deduct Non-Cash Contributions	(409,418)	(500,000)	(250,000)	(350,000)	-30.0%
Changes in Working Capital	(406,018)	-	-	-	0.0%
Bond Proceeds	224,203	10,840,600	10,330,000	4,135,000	-61.9%
<b>Net Sources (Uses) of Cash</b>	<b>\$ (1,928,064)</b>	<b>\$ (484,870)</b>	<b>\$ 1,065,986</b>	<b>\$ 448,571</b>	<b>-192.5%</b>

WATER FUND - CONSUMPTION AND RATE COMPARISON  
FISCAL YEAR 2014/2015

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**SERVICE CHARGE COMPARISON AS OF FEBRUARY 2014**  
(Rates presented are strictly City )

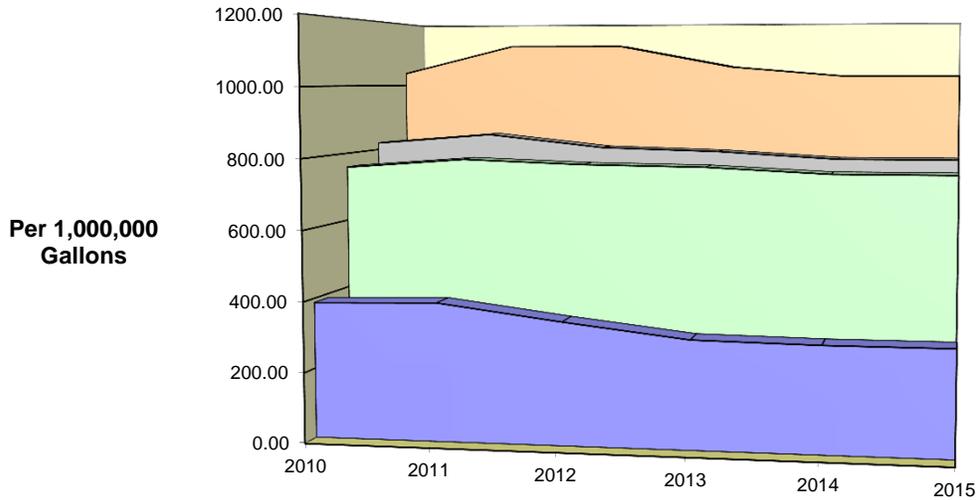


City of Hagerstown, MD
  Town of Smithsburg, MD
  City of Cumberland, MD
  City of Frostburg, MD

Town of Funkstown, MD
  City of Frederick, MD
  City of Martinsburg, WV
  City of Winchester, VA

The service charge comparison shows that the quarterly charges for a typical water customer is significantly less expensive in Hagerstown than any other comparable utility in the region. A typical water customer is defined as a City resident using 13,000 gallons of water per quarter.

**WATER CONSUMPTION FROM 2010 - 2015**



City Non-Residential
  City Residential
  County Residential
  County Non-Residential

The water consumption comparison reflects a decrease in City Non-Residential due to the loss of Washington County Hospital (now Meritus Medical Center) in December 2010 and the loss of Unilever Good Humor-Breyers during calendar year 2012.

WATER FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14 BUDGET	2013/14 EST. ACTUAL	2014/15 PROPOSED	2014/15 % CHANGE
<b>WATER SERVICES</b>					
Metered Sales-Unbilled	\$ 174,957	\$ -	\$ -	\$ -	0.0%
Water Fixed Charge - City	453,139	474,761	452,000	458,780	-3.4%
Water Fixed Charge - County	1,658,389	1,767,900	1,800,000	1,827,000	3.3%
Metered City Water	1,499,494	1,605,000	1,570,000	1,593,550	-0.7%
Metered County Water	5,905,412	6,508,300	6,515,000	6,612,725	1.6%
<b>Total Service Charges</b>	<b>9,691,391</b>	<b>10,355,961</b>	<b>10,337,000</b>	<b>10,492,055</b>	<b>1.3%</b>
<b>OTHER REVENUES</b>					
Contracted Services	4,746	5,000	8,000	5,000	0.0%
Reconnection Charges	31,430	25,000	60,000	60,000	140.0%
Water Service Application Fee	19,808	15,000	15,000	15,000	0.0%
Water Transfer Fee	33,713	25,000	25,000	25,000	0.0%
W.C.S.D. Consumption Data Service	55,916	60,000	55,000	55,000	-8.3%
Review/Inspection Fee	1,928	15,000	15,000	15,000	0.0%
Insurance Reimbursements	16,877	1,500	-	-	-100.0%
Rent-City Employees	24,460	24,960	20,900	18,000	-27.9%
Late Fees	-	-	100,000	75,000	100.0%
Miscellaneous Other Revenues	421,039	2,000	30,800	30,800	1440.0%
County Debt Service Surcharge	64,161	64,000	64,000	64,000	0.0%
Cell Tower Rent	9,874	10,000	10,000	10,000	0.0%
Fire Protection	145,436	141,000	142,000	142,000	0.7%
Plumbing	276,860	180,000	180,000	180,000	0.0%
Interest Penalty	-	5,000	-	-	-100.0%
Net Gain/Loss-Scrap Sales	58,091	50,000	50,000	50,000	0.0%
Bad Check Charges	2,700	1,500	2,500	1,500	0.0%
<b>Total Other Revenues</b>	<b>1,167,039</b>	<b>624,960</b>	<b>778,200</b>	<b>746,300</b>	<b>19.4%</b>
<b>Total Operating Revenues</b>	<b>\$ 10,858,430</b>	<b>\$ 10,980,921</b>	<b>\$ 11,115,200</b>	<b>\$ 11,238,355</b>	<b>2.3%</b>

WATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>Water Fund Vehicles-C0117</b> Replace fleet vehicles	Unit 205, Unit 219, Unit 210, Unit 224 & Unit 225	Replace Water Division vehicles	357,900
<b>RC Willson WTP Improvements-C0166</b> Replacement and upgrade of equipment at R.C. Willson Water Treatment Plant in Williamsport, MD to address aging equipment and facility needs	Equipment	Improve reliability and reduce operating costs	200,000
<b>Willson Transmission Mains-C0167</b> Begin Engineering design to extend the 36" transmission mains from Bottom Rd to the Creek	Transmission Distribution	Replace deteriorated ifrastructure - reliability	500,000
<b>Edgemont Reservoir Improvements-C0168</b> General repairs to leaks beneath spillway and removal of trees at Edgemont Reservoir and Smithsburg Ponds	Maintenance	MDE Dam Safety directives public safety, source water quality	150,000
<b>Breichner WTP Improvements-C0405</b> Improve quality of BWTP finished water by modifying process	Equipment	Improve drinking water quality	300,000
<b>Administrative &amp; Eng. Equipment-C0648</b> Upgrade Computer Equipment and Info-Water Program	Computer Equipment & Software	Replace/Upgrade computer hardware and software	10,000
<b>Pump Station Improvements-C0651</b> Multiphase program of rehabilitating and automating water pumping stations	Construction Engineering	Replace and Upgrade Infrastructure Reliability	75,000
<b>Distribution Services-C0653</b> Material (including meters) and labor needed for new installations.	Equipment/Meters Distributed Labor	Replace 3000 residential meters and replace or install 10 non-residential meters in FY15	1,165,000
<b>Distribution System Rehabilitation-C0709</b> Combined C.I.P. representing all distribution system main replacements, both outsourced and in-house, as well as all intersection work.	Construction Equipment Distributed Labor	Replace Aging Infrastructure	400,000

WATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>R.C Willson Plant - Phase IV-C0740</b> Multi-phased rehabilitation and process upgrade of the R.C. Willson Water Treatment Plant. Phase IV consists of residual management and lagoon modifications	Planning/Engineering Construction	Comply with SDWA Program requirements for DBPR standards	1,500,000
<b>Water SCADA System-C0820</b> Water System SCADA Improvements, Remove Remote I/O Cabinets for filter operation and chemical feed processes	Construction	Replace/repair aging equipment to increase operational efficiencies	525,000
<b>SUBTOTAL PROJECT EXPENSES</b>			<b>\$ 5,182,900</b>
5270501-5825 Residential Buildings-Willson	To maintain residential / rental properties	Rental property maintenance	1,000
5270501-5833 Laboratory Equipment-Willson	Laboratory Equipment	Maintain laboratory equipment	2,000
5270501-5839 Portable Tools/Equipment-Willson	Portable tools and equipment	Replace portable tools and equipment as needed	2,500
5270501-5861 Desks-Chairs-and Tables-Willson	Desks, chairs, table	To replace office furniture as needed	500
5270501-5865 Computer Equipment-Willson	Computer equipment	Replace worn equipment as needed	2,500
5270501-5867 Communication Equipment-Willson	Communication equipment	To replace communication equipment as needed	2,500
5270502-5825 Residential Buildings-Pump Stations	Park Ave. Office - facility maintenance	Routine facility maintenance required	5,000
5270502-5833 Laboratory Equipment-Pump Stations	Laboratory Equipment	Replace laboratory equipment	500

WATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
5270502-5861 Desks-Chairs-Tables-Pump Stations	Desks, chairs, table	To replace office furniture as needed	1,200
5270502-5865 Computer Equipment-Pump Stations	Computer Equipment	Replace worn equipment as needed	3,000
5270502-5867 Communication Equipment-Pump Stations	Communication equipment	To replace communication equipment as needed	3,000
5270503-5861 Desks-chairs-and Tables-Laboratory	Desks, chairs, table	To replace office furniture as needed	100
5270503-5865 Computer Equipment-Laboratory	Computer equipment	Replace worn equipment as needed	1,500
5271001-5825 Residential Buildings-Source of Supply	To maintain residential/rental properties	Rental property maintenance (3 properties)	7,500
5271001-5830 Non-Portable Equipment-Source of Supply	Non-portable equipment	Replace non-portable equipment	250
5271001-5833 Laboratory Equipment-Source of Supply	Laboratory equipment	To maintain laboratory equipment	250
5271001-5839 Portable Tools/Equipment-Source of Supply	Portable tools and equipment	Replace portable tools and equipment as needed	1,000
5271001-5865 Computer Equipment-Source of Supply	Computer equipment	Replace worn equipment as needed	3,000
5272501-5836 Traffic Lights-Signs-Etc.-Distribution	Traffic control equipment	Replace traffic control equip (signs, light bar, etc.)	2,500

WATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
5272501-5839 Portable Tools/Equipment-Distribution	Portable tool and equipment	Replace portable tools and equipment as needed	2,500
5272501-5855 Portable Equipment-Distribution	Portable tools and equipment	Replace portable tools and equipment as needed	2,500
5272501-5861 Desks-Chairs-and Tables-Distribution	Desks, chairs, tables	To replace office furniture as needed	500
5272501-5865 Computer Equipment-Distribution	Computer equipment	Replade worn equipment as needed	2,500
5272501-5867 Communication Equipment-Distribution	Communication equipment	To replace communication equipment as needed	1,000
5274001-5861 Desks-Chairs and Tables-Admin & Engineering	Desks, chairs, table	To replace office furniture as needed	500
5274001-5865 Computer Equipment-Admin & Engineering	Computer equipment	Replade worn equipment as needed	5,000
5274502-5861 Desks-Chairs and Tables-Billing	Desks, chairs, table	To replace office furniture as needed	500
5274502-5865 Computer Equipment-Billing	Computer equipment	Replade worn equipment as needed	1,500
5274502-5867 Communication Equipment-Billing	Communication equipment	To replace communication equipment as needed	1,500
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 5,240,700</b>

WASTEWATER FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**DEPARTMENT / PROGRAM OVERVIEW**

The Mission of the Utilities Department is to enhance the quality of life in our community by providing reliable, competitively priced utility services through skilled, safety-oriented and customer focused employees. The success of our organization depends on teamwork, professionalism and overall excellence achieved through our commitment to our core values. Customer and employee communication, cooperation, innovation and integrity in each process we perform are keystones to the success of the department. The Utilities Department is responsible for the management of public utilities (Electric, Wastewater and Water) collectively serving a population of nearly 88,000 customers. The Department is responsible for all billing operations, collection of revenue and the oversight of all operating and capital expenses.

**DEPARTMENT / PROGRAM OBJECTIVES**

- The Wastewater Division supports the Mayor and Council's Strategic Plan through the Division's assistance to all City Departments in the realization of all applicable objectives. As part of the City's approved Strategic Plan, Focus Area "A Safe and Healthy Community", Wastewater has worked toward the timely completion and successful operation of the Enhanced Nutrient Removal Project at the wastewater treatment plant in order to fulfill objective "C" .
- The Wastewater Division is responsible to the conveyance and treatment of 6.55 MG per day of wastewater for calendar year 2013. The collection system is comprised of over 153 miles and 28 pumping stations which ensures that all customers served by the City of Hagerstown receive consistently reliable service. The Division has undergone many improvements over the past six years to include the upgrade of the Wastewater Treatment Facility (WwTP) to Enhanced Nutrient Removal technology, permitted treatment to 10.5 MGD, Collection System I&I evaluation and upgrades, etc. Collectively these improvements help ensure that the City continues to provide a high quality service that is cost effective. Staff worked with MDE in securing funding for the algae issue remediation project. Algae in our final clarifiers moved through the ENR filters and became an operational challenge that was rectified by installing launder covers in two of the clarifiers in 2013. Funding is secured for the final two clarifiers which will be completed this spring. Staff continues to refine our processes as they relate to the Enhanced Nutrient Removal (ENR) initiatives at our Wastewater Treatment Plant (WwTP) and we have been awarded \$244,000 from our 2013 Operations and Maintenance Grant submission.
- To further assist in our commitment to the customer, the City has invested approximately \$4.1 million in FY11, through FY15 (proposed) in Inflow and Infiltration (I&I) reduction efforts through the Salem Avenue Project and the ongoing Citywide I&I Project. The City utilized \$800,000 awarded by the MDE through the Bay Restoration Grant Fund, \$1,422,560 in grant funding through ARRA, and the remainder in 0% interest loan money from the MDE. Staff has requested grant funding for FY14 and FY15 from the MDE for continuation of the multi year project. In order to manage our long term debt, the division will only accept grant funding for the I&I project and the algae remediation project. The Division entered into a 10 year contract extension with Synagro, who will perform the work of designing, procuring, and constructing needed major capital improvements to the Facility, including immediate capital improvements and subsequent capital improvements throughout contract term.

**PERFORMANCE INDICATORS**

	2013/14	2013/14	2014/15
Number of Inside City Customers	13,527	13,600	13,528
Number of Outside City Customers	6,720	6,700	6,721
Annual Million Gallons/Day Treated	8.34	8.27	6.55
Inflow/Infiltration Million Gallons/Day Treated	4.04	2.70	2.05
Available Allocation in Thousand Gallons (carryover)	407	526	638
Number of Employees	45.50	45.50	45.50
Number of Customers Served per Employee	444	446	445

WASTEWATER FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 2,511,049	\$ 2,509,461	\$ 2,557,009	\$ 2,479,216	-1.2%
Benefits	1,035,951	1,184,227	1,184,592	1,228,308	3.7%
Overtime	66,980	83,540	88,000	87,000	4.1%
<b>Personnel Subtotal</b>	<b>3,613,980</b>	<b>3,777,228</b>	<b>3,829,601</b>	<b>3,794,524</b>	<b>0.5%</b>
Contractual Services	1,756,873	1,962,081	1,957,715	1,953,831	-0.4%
Operating Expenditures	3,703,004	3,939,996	3,757,097	3,996,981	1.4%
Operating Cap Exp (Cap Outlay)	134,988	16,500	8,600	14,599	-11.5%
Other General Expenses	3,313,924	3,505,086	3,351,412	3,491,182	-0.4%
<b>Operating Subtotal</b>	<b>8,908,789</b>	<b>9,423,663</b>	<b>9,074,824</b>	<b>9,456,593</b>	<b>0.3%</b>
<b>Total Expenditures</b>	<b>\$ 12,522,769</b>	<b>\$ 13,200,891</b>	<b>\$ 12,904,425</b>	<b>\$ 13,251,117</b>	<b>0.4%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	11,997,626	11,684,617	11,526,944	12,768,218	9.3%
<b>Total Revenues</b>	<b>\$ 11,997,626</b>	<b>\$ 11,684,617</b>	<b>\$ 11,526,944</b>	<b>\$ 12,768,218</b>	<b>9.3%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 525,143</b>	<b>\$ 1,516,274</b>	<b>\$ 1,377,481</b>	<b>\$ 482,899</b>	<b>-68.2%</b>

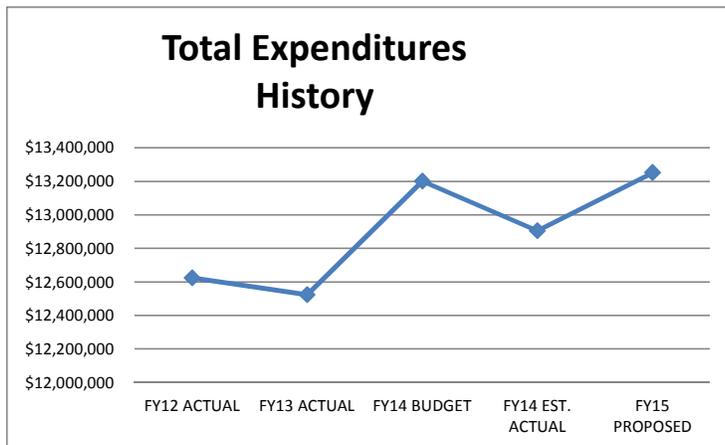
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

The Wastewater Division has reduced staff and currently has 2 positions unfunded in the Collection System for FY14. Vehicle replacement purchases have been reduced, all external seminars and non-certification training continue to be monitored. Capital Outlay has been decreased from \$14.1M in FY10 to \$1.63M projected in FY14 (an 88% reduction) due to the completion of the major CIP ENR-UV, Headworks, Citywide I&I, and Salem Avenue Projects. From FY10 to FY13 our total operating revenues have increased from \$9.0M to a projected \$12.0M (\$3.0M increase). As with all businesses who are weathering these tough economic times, the Wastewater Division utilizes common sense approaches related to energy consumption, chemical usage, employee sharing, vehicle re-utilization, etc.

Estimated Actual FY14 to Proposed FY15

Total personnel expenditures reflect an increase of approximately \$18K as a result of employee COLA's and rising employer costs for health and dental insurance, workers compensation, and pension contributions. Operating Expenses are projected to remain flat from the Estimated Actual \$9.4M projection to the Proposed FY15 \$9.4M projection. Staff submitted our annual funding request to the MDE for the continuation of our multi year Citywide Inflow & Infiltration Project. If our request for grant is not approved by the MDE an offer for a low interest loan is approved (as was done in FY14) we will defer the loan assistance.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	47.40	47.76	47.76	47.76
Less: Unfunded	-2.00	-2.00	-2.00	-2.00
<b>Staffing Total</b>	<b>45.40</b>	<b>45.76</b>	<b>45.76</b>	<b>45.76</b>

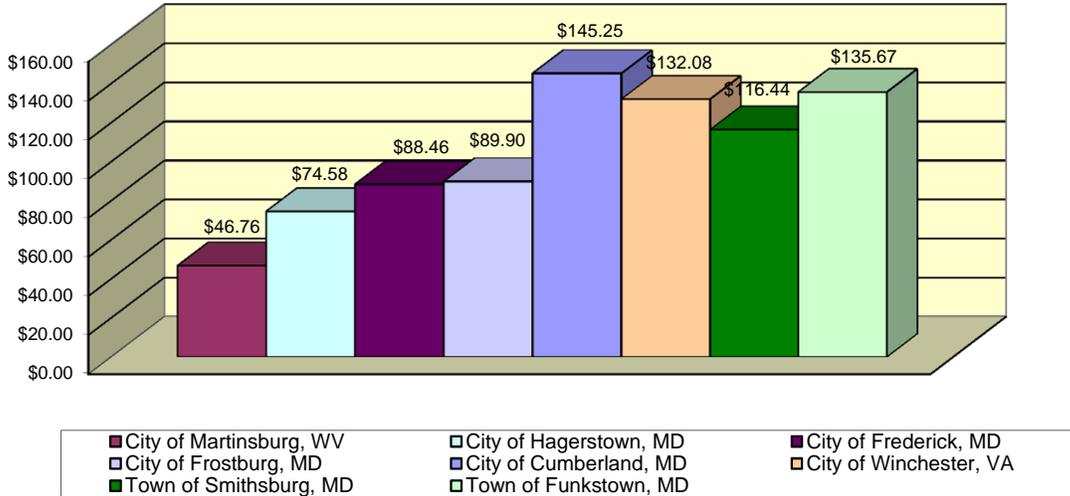
In order to respond to the projected loss of revenue associated with foreclosures and the reduced customer base, the Division will continue to monitor operational costs through any and all means available through Fiscal Year 15 and beyond.

WASTEWATER FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14		2014/15 PROPOSED	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
<b>OPERATING REVENUES</b>					
Service Charges	\$ 10,263,033	\$ 10,687,912	\$10,535,000	\$ 11,781,100	10.2%
Other Revenues	436,986	80,952	238,141	235,165	190.5%
<b>Operating Revenues</b>	<b>10,700,019</b>	<b>10,768,864</b>	<b>10,773,141</b>	<b>12,016,265</b>	<b>11.6%</b>
<b>OPERATING EXPENSES</b>					
Plant Expenses	4,885,693	5,151,673	5,039,552	5,097,291	-1.1%
Laboratory Expenses	285,084	298,149	300,821	343,313	15.1%
Collections	1,079,748	1,189,691	1,198,863	1,289,602	8.4%
Selling, General & Administrative	2,958,321	3,056,292	3,013,777	3,029,729	-0.9%
Depreciation	2,911,358	3,052,000	2,940,000	3,020,000	-1.0%
<b>Total Operating Expenses</b>	<b>12,120,204</b>	<b>12,747,805</b>	<b>12,493,013</b>	<b>12,779,935</b>	<b>0.3%</b>
<b>Operating Income (Loss)</b>	<b>(1,420,185)</b>	<b>(1,978,941)</b>	<b>(1,719,872)</b>	<b>(763,670)</b>	<b>-61.4%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Earned	3,856	7,800	3,000	3,000	-61.5%
Interest (Expense)	(354,391)	(420,883)	(379,209)	(434,229)	3.2%
Gain (Loss) on Sale of Capital Assets	(221)	-	2,850	1,000	100.0%
<b>Total Other Income (Expense)</b>	<b>(350,756)</b>	<b>(413,083)</b>	<b>(373,359)</b>	<b>(430,229)</b>	<b>4.2%</b>
<b>Income before Contribs. &amp; Transfers</b>	<b>(1,770,941)</b>	<b>(2,392,024)</b>	<b>(2,093,231)</b>	<b>(1,193,899)</b>	<b>-50.1%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers to CIP Fund	(40,000)	(24,250)	(24,250)	(29,000)	19.6%
<b>Total Transfers From (To) Funds</b>	<b>(40,000)</b>	<b>(24,250)</b>	<b>(24,250)</b>	<b>(29,000)</b>	<b>19.6%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Wastewater Benefit Charges	358,197	600,000	400,000	400,000	-33.3%
Grants in Aid of Construction	246,456	300,000	240,000	240,000	-20.0%
Developers Contributions	681,145	-	100,000	100,000	100.0%
<b>Total Capital Contributions</b>	<b>1,285,798</b>	<b>900,000</b>	<b>740,000</b>	<b>740,000</b>	<b>-17.8%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>(525,143)</b>	<b>(1,516,274)</b>	<b>(1,377,481)</b>	<b>(482,899)</b>	<b>-68.2%</b>
Add Back Depreciation	2,911,358	3,052,000	2,940,000	3,020,000	-1.0%
Capital Outlay/Fixed Assets	(1,593,933)	(2,139,500)	(1,627,500)	(2,983,000)	39.4%
Repayment of Principal	(1,623,342)	(1,582,034)	(1,498,633)	(1,613,133)	2.0%
Non-Cash Capital Contributions	(681,145)	-	(100,000)	(100,000)	100.0%
Changes in Working Capital	731,659	-	-	-	0.0%
Bond Proceeds	918,636	717,000	1,125,000	1,737,000	142.3%
<b>Net Sources (Uses) of Cash</b>	<b>\$ 138,090</b>	<b>\$ (1,468,808)</b>	<b>\$ (538,614)</b>	<b>\$ (422,032)</b>	<b>-71.3%</b>

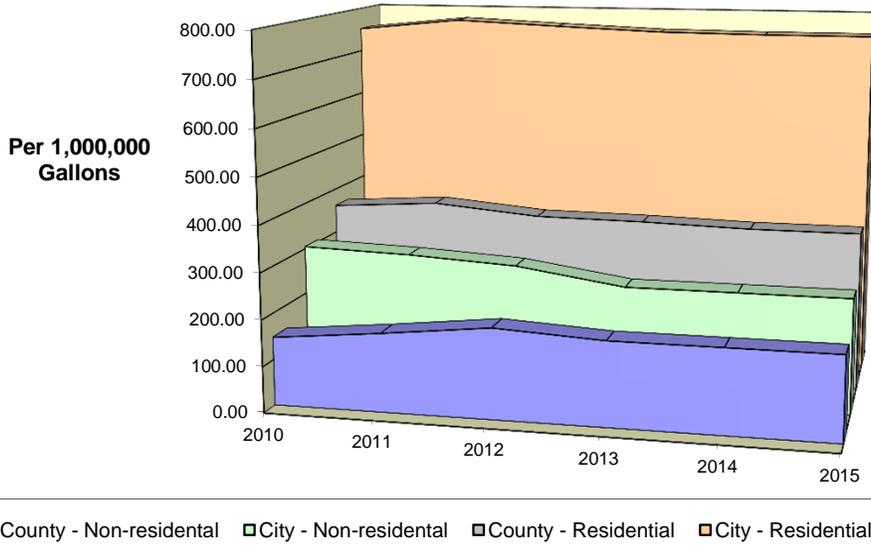
WASTEWATER FUND - CONSUMPTION AND RATE COMPARISON  
FISCAL YEAR 2014/2015

**SERVICE CHARGE COMPARISON AS OF MARCH 2014**  
(Rates presented are strictly City)



The service charge comparison shows the quarterly charges for an average wastewater customer is competitive in Hagerstown compared with other utilities in the region. A typical wastewater customer is defined as a City resident with a usage of 13,000 gallons per quarter.

**WASTEWATER CONSUMPTION FROM 2010 - 2015**



The wastewater usage analysis shows the decline in total gallons sold in City-Non-Residential is offset by the slight increase in other City customers.

WASTEWATER FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>WASTEWATER SERVICES</b>					
Fixed Service Charge - City	\$ 1,216,076	\$ 1,271,630	\$ 1,281,000	\$ 1,434,000	12.8%
Fixed Service Charge - County	556,338	578,860	568,000	636,000	9.9%
Fixed Service Charge - Joint Service	505,338	517,422	530,000	593,000	14.6%
Service Charges-Unbilled	137,502	-	-	-	0.0%
Metered City Wastewater	4,173,610	4,412,000	4,381,800	4,904,400	11.2%
Metered County Wastewater	2,158,189	2,343,000	2,219,200	2,486,700	6.1%
Metered Joint Service Wastewater	1,409,798	1,459,000	1,449,000	1,621,000	11.1%
Low-Pressure System Charge	106,182	106,000	106,000	106,000	0.0%
<b>Total Service Charges</b>	<b>10,263,033</b>	<b>10,687,912</b>	<b>10,535,000</b>	<b>11,781,100</b>	<b>10.2%</b>
<b>OTHER REVENUES</b>					
Wastewater Application Fees	4,850	1,500	1,200	1,600	6.7%
Wastewater Connection Charges	1,200	1,200	4,500	2,500	108.3%
Review/Inspection Fee	1,687	1,100	300	1,200	9.1%
Industrial Permit Maintenance Fee	6,200	5,000	5,000	5,000	0.0%
Reimbursements	4,349	3,127	7,500	4,500	43.9%
Lab Testing	8,795	1,360	1,900	2,000	47.1%
Industrial Surcharges	113,096	63,000	63,000	65,000	3.2%
Rental Income	365	365	365	365	0.0%
Late Fees	-	-	150,000	150,000	100.0%
Miscellaneous Revenue	293,544	3,000	3,000	3,000	0.0%
Net Gain/Loss-Scrap Sales	2,900	1,300	1,376	-	-100.0%
<b>Total Other Revenues</b>	<b>436,986</b>	<b>80,952</b>	<b>238,141</b>	<b>235,165</b>	<b>190.5%</b>
<b>Total Operating Revenues</b>	<b>\$ 10,700,019</b>	<b>\$ 10,768,864</b>	<b>\$ 10,773,141</b>	<b>\$ 12,016,265</b>	<b>11.6%</b>

WASTEWATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>Vehicle Replacement Program-C0004</b> Wastewater vehicle replace plan	Unit 594 (Backhoe), Unit 512 (Dump Truck), Unit 530 (Air Compressor), Unit 520 (Case Tractor), and Unit 501 (Jeep Cherokee)	Replace Deteriorating Mobile Equipment	307,000
<b>Manhole Raising-C0267</b> Manhole Raising and Manhole Cover Replacement	Raise Elevation of Manhole Frame and Cover to Meet New Street Grade; Replace 3" Thick Lids with Lighter, More Accessible Lids	As part of the City's Annual Pavement Preservation Program	36,000
<b>Pumping Station Improvements-C0299</b> Pump Station Rehabilitation Project	Construction	Reduce maintenance and safety and security of stations	218,000
<b>Collection System Rehabilitation-C0327</b> Correct Infiltration and Inflow into Collection System by Replacing or Relining Sewer Mains, Laterals, and Manholes	Construction	Infiltration and Inflow; Reduce Potential Property for Damage	400,000
<b>WWTP Equipment-C0584</b> Replace Various Aging Equipment or add additional new equipment	Equipment	Improve Reliability and MDE Compliance; Rehabilitate Deteriorating Equipment	150,000
<b>Buildings and Structures-C0585</b> Administration Building Repairs and Upgrades	Construction	Aging structure in need of repairs and improvements	100,000
<b>Oxygen System Improvements-C0657</b> Upgrade various aging equipment associated with oxygen production	Equipment	Improve Reliability and MDE Compliance; Rehabilitate Deteriorating Equipment	10,000
<b>Solids Processing Pelletizer &amp; WWTP Improvements-C0711</b> Upgrade aging equipment within the pelletizer and wastewater treatment plant	Equipment	Improve Reliability and MDE Compliance; Rehabilitate Deteriorating Equipment	1,050,000

WASTEWATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>Collection System Equipment-C0713</b> Replace Various Aging Equipment	Equipment	Improve Reliability and MDE Compliance; Rehabilitate Deteriorating Equipment	98,000
<b>Laboratory Equipment-C0745</b> Replace Various Aging Equipment	Equipment	Improve Reliability of Existing Equipment	10,000
<b>Grinder Pump Replacement Program-C0767</b> Replace 20 grinder pumps in various locations each year	Equipment	Replace deteriorating equipment	162,000
<b>SSES City-Wide-CS Rehab-C0800</b> Correct infiltration & inflow into the wastewater collection system by replacement or re-lining defective piping	Piping	Reducing inflow & infiltration will provide future recapturing of allocation for the WWTP	300,000
<b>Pump Station #12 Elimination-C0832</b> Eliminate Pump Station #12	Installation of 12" gravity main	Eliminate annual operating cost & eliminate the need to replace the pumps and pump controls	127,000
<b>Truck Lines and Laterals-C0834</b> Purchase or Transfer of Infrastructure	Infrastructure	Provide efficient use of wastewater infrastructure throughout system	15,000
<b>SUBTOTAL PROJECT EXPENSES</b>			<b>\$ 2,983,000</b>
5471501-5861 Office Furniture and Equipment	Office Furniture and Equipment	Normal replacement of worn materials	500
5471501-5865 Computer Equipment	Computer Equipment	Replace worn equipment	1,500
5471501-5867 Communication Equipment	Two-way Radio's	Operators safety for 24-7 operations	500
5472601-5836 Traffic Control Devices	Signage and other items used for traffic control	Normal replacement of worn materials	300

WASTEWATER FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
5472601-5861 Office Furniture and Equipment	Office Furniture and Equipment	Normal replacement of worn materials	500
5472601-5865 Computer Equipment	Computer Equipment	Replace worn equipment	1,500
5472601-5867 Communication Equipment	Radio's and SCADA System Upgrades	Normal replacement of worn materials	1,000
5472701-5833 Lab Equipment	WW Lab Equipment	Replace worn equipment	2,500
5472701-5861 Office Furniture and Equipment	Office Furniture and Equipment	Normal replacement of worn materials	200
5472701-5865 Computer Equipment	Computer Equipment	Replace worn equipment	1,500
5474001-5861 Office Furniture and Equipment	Office Furniture and Equipment	Normal replacement of worn materials	600
5474001-5865 Computer Equipment	Computer Equipment	Replace worn equipment	4,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 2,997,600</b>

PARKING SYSTEM - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The mission of the Parking System is to provide convenient and safe parking options at affordable rates for the residents, businesses and visitors in the city center. This is accomplished with 625 spaces in 2 parking decks, over 500 spaces on the streets and more than 750 spaces in 11 parking lots around the city. A systems supervisor oversees full time and part time employees to collect money from the meters, invoice permit customers and keep the facilities maintained. Parking enforcement is managed by the Hagerstown Police Department.

**DEPARTMENT / PROGRAM OBJECTIVES**

- The North Potomac Street Parking Deck's name was changed to the University District Parking Deck at the request of the University of Maryland in Hagerstown. Major repairs were completed at the end of calendar year 2013 and early 2014 including caulking, concrete repairs and a seal coating to the upper deck at a cost of over \$300,000. Additional repairs in FY15 include new lighting, additional concrete repairs and caulking at an estimated cost of \$30,000.
- Money is being programmed to make improvements to the downtown city parking lots. The Church St. Parking Lot is first on the schedule for work that includes pavement preservation (crack sealing, asphalt patching), changing out the existing lights with LED lights and sidewalk improvements. There are multiple entrances that cross the sidewalk along Church Street. Each intersection of sidewalk and entry apron needs a new handicap ramp installed at an estimated cost of \$1,000 per handicap ramp.
- Staff will be working with the Arts Council and others to incorporate art into the Arts & Entertainment Parking Deck. The Arts Council office is located on Artist Alley just west of the parking deck. The deck can be utilized to promote art in the community.
- Discussions continue on possible construction of a third parking deck. Planning and design of the third deck is currently programmed for funding in FY16. Staff will work with other city departments and community leaders as discussions continue about the third deck.
- Continue to work with the Department of Community & Economic Development and the downtown businesses to provide parking options for themselves and their customers.

**PERFORMANCE INDICATORS**

	2012/13	2013/2014	2014/2015
Parking Decks			
No. of Parking Spaces	625	625	625
No. of Permit Holders	550	521	525
Revenue			
Meters: Fees & Permits	\$359,252	\$375,314	\$370,623
Decks: Fees & Permits	\$421,561	\$432,900	\$426,100
Parking Enforcement	\$155,433	\$145,300	\$145,300
Number of Parking Lots	11	11	11
Number of Parking Lot Permit Holders	350	375	380
Total Parking Spaces (Lots & Street)	1,120	1,027	1,027

PARKING SYSTEM - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 210,522	\$ 212,724	\$ 225,958	\$ 244,253	14.8%
Benefits	65,963	75,323	76,618	87,171	15.7%
Overtime	1,172	750	750	750	0.0%
<b>Personnel Subtotal</b>	<b>277,657</b>	<b>288,797</b>	<b>303,326</b>	<b>332,174</b>	<b>15.0%</b>
Contractual Services	8,190	11,681	12,681	16,362	40.1%
Operating Expenditures	126,747	122,541	123,882	116,941	-4.6%
Operating Cap Exp (Cap Outlay)	-	1,000	1,000	1,000	0.0%
Other General Expenses	272,152	324,935	301,541	328,792	1.2%
<b>Operating Subtotal</b>	<b>407,089</b>	<b>460,157</b>	<b>439,104</b>	<b>463,095</b>	<b>0.6%</b>
<b>Total Expenditures</b>	<b>\$ 684,746</b>	<b>\$ 748,954</b>	<b>\$ 742,430</b>	<b>\$ 795,269</b>	<b>6.2%</b>

**REVENUES BY TYPE**

Departmental Revenue	938,600	1,272,297	952,271	954,680	-25.0%
<b>Total Revenues</b>	<b>\$ 938,600</b>	<b>\$ 1,272,297</b>	<b>\$ 952,271</b>	<b>\$ 954,680</b>	<b>-25.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (253,854)</b>	<b>\$ (523,343)</b>	<b>\$ (209,841)</b>	<b>\$ (159,411)</b>	<b>-69.5%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

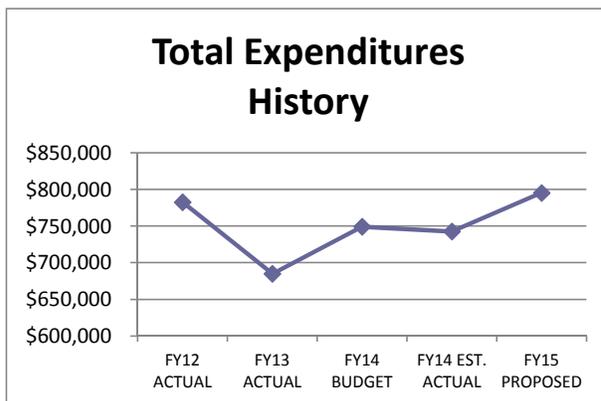
Adopted FY14 to Estimated Actual FY14

Total personnel expenditures for FY14 actual are anticipated to be greater than FY14 budget by 5.03% or \$14,529. This increase is a result of slightly higher part-time and seasonal salaries and the 2% COLA received for all non-union members in July plus the 2% COLA received by all AFSCME 1540 members in August. The MUNIS finance system, Clancy ticket management program and follow up letters on late payments for parking tickets has reduced the loss of uncollectible fines from \$59,743 (FY11) to \$44,711 (FY12) to \$36,040 (FY13). The uncollectible expense is reflected in the operating expenses above. Last, the other general expenses for FY14 actual are expected to be under FY14 budget by 7.2% or \$23,394. This reduction is related to slightly lower depreciation expense and delayed bond issues that were included in FY14 budget.

FY14 to Proposed FY15

Total personnel expenditures for FY15 proposed budget are 15.0% or \$43,377 higher than FY14 budget. This increase reflects the current FY14 2% COLAs received by employees plus a 2% COLA for FY15. Additionally, the employer portion of benefits is expected to increase: health insurance by 8%; dental insurance by 3.5%; and MSRS pension will increase as salaries increase. Contractual services reflects an increase in audit fees if the City re-bids this service.

Clients with 25 or more passes to the lots and/or the decks include the Walnut Street Clinic (\$12,006), High Rock (\$12,834), USPS (\$34,632), Potomac Building/Social Services (\$56,448), Award Beauty School (\$72,000), BISFA (\$13,500), Washington County (\$13,500), Park Oliver (\$13,500) and USMH (\$23,186). The dollar amounts represent the estimated annual revenue for each entity. These clients are an estimated 25% to 30% of the total revenue for the parking system. \$30,000 in repairs are scheduled for the Church St. parking lot for FY15 with an additional \$30,000 each year for the next 5 years to make repairs and improvements to the other parking lots as reflected in the Capital Improvement Program Section 9.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	2.20	2.20	2.20	2.20
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>	<b>2.20</b>
Part time	9.00	9.00	9.00	7.00

PARKING FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>OPERATING REVENUES</b>					
University District Parking Deck	\$ 247,844	\$ 250,780	\$ 241,780	\$ 242,780	-3.2%
A & E Parking Deck	173,717	167,120	182,120	183,320	9.7%
Parking Meter Fees	359,252	333,640	375,314	370,623	11.1%
Net Parking Fines	155,433	166,500	145,300	145,300	-12.7%
Other Revenue	-	2,000	5,500	10,400	420.0%
<b>Total Operating Revenues</b>	<b>936,246</b>	<b>920,040</b>	<b>950,014</b>	<b>952,423</b>	<b>3.5%</b>
<b>OPERATING EXPENSES</b>					
University District Parking Deck	114,260	126,104	127,442	138,016	9.4%
A & E Parking Deck	112,456	102,790	110,638	129,989	26.5%
Other Parking Facilities	129,362	136,511	140,766	150,227	10.0%
Parking Enforcement Expenses	56,516	58,614	62,044	48,244	-17.7%
Depreciation	201,783	246,000	236,453	267,166	8.6%
<b>Total Operating Expenses</b>	<b>614,377</b>	<b>670,019</b>	<b>677,343</b>	<b>733,642</b>	<b>9.5%</b>
<b>Operating Income (Loss)</b>	<b>321,869</b>	<b>250,021</b>	<b>272,671</b>	<b>218,781</b>	<b>-12.5%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Earned	597	500	500	500	0.0%
Interest (Expense)	(68,612)	(77,178)	(63,330)	(59,870)	-22.4%
<b>Total Other Income (Expense)</b>	<b>(68,015)</b>	<b>(76,678)</b>	<b>(62,830)</b>	<b>(59,370)</b>	<b>-22.6%</b>
<b>Income Before Contribs. &amp; Transfers</b>	<b>253,854</b>	<b>173,343</b>	<b>209,841</b>	<b>159,411</b>	<b>-8.0%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers from CIP Fund	-	-	-	-	0.0%
<b>Total Transfers From (To) Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Grants in Aid of Construction	-	350,000	-	-	-100.0%
<b>Total Capital Contributions</b>	<b>-</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>253,854</b>	<b>523,343</b>	<b>209,841</b>	<b>159,411</b>	<b>-69.5%</b>
Add Back Depreciation	201,783	246,000	236,453	267,166	8.6%
Capital Outlay/Fixed Assets	(19,682)	(1,460,000)	(330,000)	(80,000)	-94.5%
Principal Payment on Debt	(171,754)	(173,738)	(143,338)	(155,138)	-10.7%
Changes in Working Capital	(21,120)	-	-	-	0.0%
New Bond Proceeds	-	500,000	100,000	-	-100.0%
<b>Net Sources/(Uses)of Cash</b>	<b>\$ 243,081</b>	<b>\$ (364,395)</b>	<b>\$ 72,956</b>	<b>\$ 191,439</b>	<b>-152.5%</b>

PARKING FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>UNIVERSITY DISTRICT PARKING DECK</b>					
Parking Deck Permits	\$ 222,102	\$ 220,000	\$ 220,000	\$ 220,000	0.0%
Parking Deck Fees	34,315	32,000	32,000	33,000	3.1%
Downtown Promotions	6,500	8,500	8,500	8,500	0.0%
Parking Deck Coupons	5,081	2,500	1,500	1,500	-40.0%
Validation Fees	14,284	12,000	16,000	16,000	33.3%
Free Parking - Pioneer Vol. Fire Co.	(720)	(720)	(720)	(720)	0.0%
Park N Shop	(3,719)	(3,500)	(2,500)	(2,500)	-28.6%
Volume Parking Discount	(29,999)	(20,000)	(33,000)	(33,000)	65.0%
<b>Total University District Deck Revenues</b>	<b>247,844</b>	<b>250,780</b>	<b>241,780</b>	<b>242,780</b>	<b>-3.2%</b>
<b>A&amp;E PARKING DECK</b>					
Parking Deck Permits	120,609	115,000	130,000	130,000	13.0%
Parking Deck Fees	55,988	55,000	55,000	55,000	0.0%
Downtown Promotions	-	-	-	-	0.0%
Pep Discounts	(2,880)	(2,880)	(2,880)	(1,680)	-41.7%
<b>Total A&amp;E Parking Deck Revenues</b>	<b>173,717</b>	<b>167,120</b>	<b>182,120</b>	<b>183,320</b>	<b>9.7%</b>
<b>PARKING LOT REVENUES</b>					
Street Meters	103,568	100,000	110,000	110,000	10.0%
Antietam Street Lot Meters	24,831	25,000	25,000	25,000	0.0%
Bryan Center Lot Meters	328	500	350	350	-30.0%
Central Lot Meters	47,971	50,000	50,000	50,000	0.0%
Hospital Street Meters	2,663	-	-	-	0.0%
Market House Lot Meters	3,080	3,000	3,000	3,000	0.0%
Rochester Lot Meters	322	400	250	250	-37.5%
Central Lot Permits	44,653	35,000	50,000	50,000	42.9%
Church Street Lot Permits	46,571	45,500	45,500	46,812	2.9%
Market House Lot Permits	37,518	32,000	32,000	32,000	0.0%
Rochester Lot Permits	12,880	15,000	16,974	10,971	-26.9%
Departmental Charges-Parking Permits	37,627	30,000	45,000	45,000	50.0%
Free Parking - 41 E Franklin Street	(1,104)	(1,104)	(1,104)	(1,104)	0.0%
Free Parking - 39 E Franklin Street	(1,656)	(1,656)	(1,656)	(1,656)	0.0%
<b>Total Parking Lot Revenues</b>	<b>359,252</b>	<b>333,640</b>	<b>375,314</b>	<b>370,623</b>	<b>11.1%</b>
<b>PARKING TICKET REVENUES</b>					
Fines-Traffic Violations	11,755	12,000	10,800	10,800	-10.0%
Original Issuance	86,370	93,000	93,000	93,000	0.0%
Adjustments to Original Issuance	-	-	-	-	0.0%
Late fees	93,348	95,000	75,000	75,000	-21.1%
Grace Period Adjustments	-	-	-	-	0.0%
Uncollectable Parking Tickets	(36,040)	(33,500)	(33,500)	(33,500)	0.0%
<b>Total Parking Ticket Revenues</b>	<b>155,433</b>	<b>166,500</b>	<b>145,300</b>	<b>145,300</b>	<b>-12.7%</b>
Insurance Reimbursements	-	2,000	2,000	2,000	0.0%
Rental Income	-	-	3,500	8,400	100.0%
<b>Total Other Revenues</b>	<b>-</b>	<b>2,000</b>	<b>5,500</b>	<b>10,400</b>	<b>420.0%</b>
<b>Total Operating Revenues</b>	<b>\$ 936,246</b>	<b>\$ 920,040</b>	<b>\$ 950,014</b>	<b>\$ 952,423</b>	<b>3.5%</b>

PARKING FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<b>University District Parking Deck-C0749</b> Upper deck LED lights in FY15	Parking Deck Repairs	Structural repairs and caulking of decks	30,000
<b>Parking Fund Vehicles-C0829</b> Replace vehicle	Unit 036	Vehicle repair costs and maintenance increase with the age of a vehicle	20,000
<b>Parking Lot Improvements-C0857</b> Improve the overall condition of surface parking lots	Parking Lot Improvements	Church St. parking lot pavement preservation, sidewalk improvements, and lighting improvements	30,000
<b>SUBTOTAL PROJECT EXPENSES</b>			<b>\$ 80,000</b>
5674013-5861 Desks-Chairs-Tables	Office Equipment	Replace as needed	1,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 81,000</b>

GOLF - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

Constructed in 1932 by private individuals, the Greens at Hamilton Run has a mature course layout that new courses cannot equal. The City of Hagerstown has operated the golf course since 1947. We pride ourselves on beautiful greens, beautiful views, and well maintained fairways. The course is a 9-hole par 34 course featuring all the amenities of more expensive courses. Our rates are very economical, the location is convenient off of Route 40, and the course provides for a quick round of golf.

The course itself is in very good condition and the clubhouse was completely renovated in 2012 to provide an area for players to relax and enjoy food and beverages before and after their rounds. New rates went into effect July 1, 2012. In 2013, staff replaced all tee markers with the new course logo, installed yardage markers, and made general improvements to the course. All carts are new and leased in a piggyback on a Washington County contract.

**DEPARTMENT / PROGRAM OBJECTIVES**

- We propose to increase revenue by adding tournaments, leagues, promotions, and advertising (including on scorecards and tee markers). We will seek to partner with hotels, restaurants, and the CVB to offer golf packages for out-of-town visitors.
  
- We will strive to decrease costs during fiscal year 2014/15 by using contracted services to mow the rough areas so that the limited amount of City staff will focus on the fairways, greens, tees and traps. Overtime is also planned to decrease. There is NO fulltime staff in the clubhouse and only two fulltime (March-December) maintenance staff assigned to care for the course.
  
- In 2014, we plan to move the number 5 green. We will continue to strive for increased professionalism of the clubhouse operations.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Total number of golfers	10,786	9,759	10,500
Average daily rounds of golf	41	40	42
Number of cart rentals	6,782	5,540	6,000
Number of golf leagues	-	1	2
Number of golf tournaments	-	1	2

GOLF - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 158,380	\$ 143,896	\$ 135,746	\$ 132,699	-7.8%
Benefits	57,432	72,680	72,682	78,158	7.5%
Overtime	5,481	6,804	6,304	6,304	-7.3%
<b>Personnel Subtotal</b>	<b>221,293</b>	<b>223,380</b>	<b>214,732</b>	<b>217,161</b>	<b>-2.8%</b>
Contractual Services	15,048	24,919	24,904	25,583	2.7%
Operating Expenditures	186,776	149,948	168,082	125,256	-16.5%
Operating Cap Exp (Cap Outlay)	-	-	-	-	0.0%
Other General Expenses	29,839	21,692	35,201	38,300	76.6%
<b>Operating Subtotal</b>	<b>231,663</b>	<b>196,559</b>	<b>228,187</b>	<b>189,139</b>	<b>-3.8%</b>
<b>Total Expenditures</b>	<b>\$ 452,956</b>	<b>\$ 419,939</b>	<b>\$ 442,919</b>	<b>\$ 406,300</b>	<b>-3.2%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	454,035	389,502	443,570	406,300	4.3%
<b>Total Revenues</b>	<b>\$ 454,035</b>	<b>\$ 389,502</b>	<b>\$ 443,570</b>	<b>\$ 406,300</b>	<b>4.3%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (1,079)</b>	<b>\$ 30,437</b>	<b>\$ (651)</b>	<b>\$ -</b>	<b>-100.0%</b>

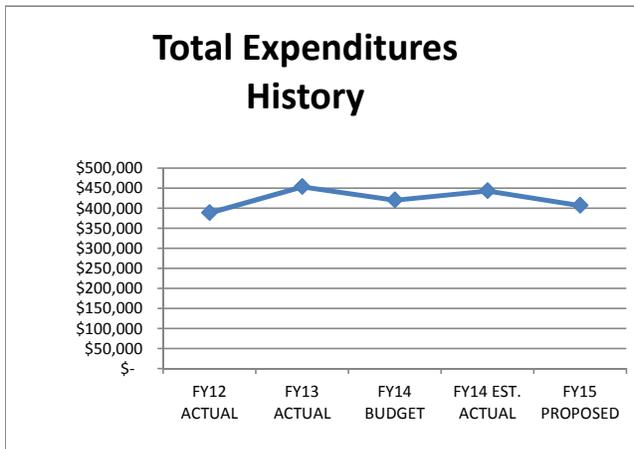
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Total Expenditures reflect a 5.5% increase or \$23K from the budget due some projections and upgrades made by Parks and Recreation staff. The costs of this allocation and time spent on the upgrades is included in Operating Expenditures category above. Operating revenue is anticipated to be \$3,882 lower than FY14 budget; however it is 4.5% or \$8,057 more than actually received in FY13. As a result of the increase in operating and depreciation expenditures, and slightly lower operating revenues, there is a needed increase in the general fund subsidy. Overall, total departmental revenue is estimated to be 13.9% higher than adopted budget.

Adopted FY14 to Proposed FY15

In total, personnel expenditures continue to decrease (2.8%) due to less staff and reduction of overtime. Benefit expenses include an increase of 7.5% or \$5,478. Other general expenses reflect an increase of 76.6% or \$16,608 in depreciation expense. This increase is a result of the investments the Golf Course continues to make in capital improvements. Departmental revenue reflects a total increase of 4.3% or \$16,798 which reflects an anticipated \$20,000 contribution from Washington County toward the installation of a safety net for the new Senior Center.



**STAFFING SUMMARY**

	FY14			
	FY13	Budg	Est Act	FY15
Full time	2.52	2.37	2.37	2.53
Less: Unfunded	0.00	0.00	0.00	0.00
<b>Staffing Total</b>	<b>2.52</b>	<b>2.37</b>	<b>2.37</b>	<b>2.53</b>
Part time	2.00	2.00	2.00	1.00
Part time Seasonal	2.00	2.00	2.00	2.00
<b>Total Part time</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>3.00</b>

GOLF COURSE FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14 BUDGET	2013/14 EST. ACTUAL	2014/15 PROPOSED	2014/15 % CHANGE
<b>OPERATING REVENUES</b>					
Green Fees	\$ 84,510	\$ 87,375	\$ 76,800	\$ 81,900	-6.3%
Cart Rentals	44,625	47,200	47,200	47,200	0.0%
Tournaments and Specials	36,851	30,200	36,500	36,500	20.9%
Other Revenues	11,527	24,677	25,070	20,700	-16.1%
<b>Total Operating Revenues</b>	<b>177,513</b>	<b>189,452</b>	<b>185,570</b>	<b>186,300</b>	<b>-1.7%</b>
<b>OPERATING EXPENSES</b>					
Operating Expenses	423,117	398,247	407,718	368,000	-7.6%
Depreciation	29,839	21,692	35,201	38,300	76.6%
<b>Total Operating Expenses</b>	<b>452,956</b>	<b>419,939</b>	<b>442,919</b>	<b>406,300</b>	<b>-3.2%</b>
<b>Operating Income (Loss)</b>	<b>(275,443)</b>	<b>(230,487)</b>	<b>(257,349)</b>	<b>(220,000)</b>	<b>-4.5%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Earned	23	50	-	-	-100.0%
Gain (Loss) on Capital Assets	949	-	-	-	0.0%
<b>Total Other Income (Expense)</b>	<b>972</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers from General Fund	272,000	200,000	258,000	200,000	0.0%
Transfers from CIP Fund	3,550	-	-	-	0.0%
<b>Total Transfers From (To) Funds</b>	<b>275,550</b>	<b>200,000</b>	<b>258,000</b>	<b>200,000</b>	<b>0.0%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Contributions	-	-	-	20,000	100.0%
<b>Total Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>100.0%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>1,079</b>	<b>(30,437)</b>	<b>651</b>	<b>-</b>	<b>-100.0%</b>
Add Back Depreciation	29,839	21,692	35,201	38,300	76.6%
Capital Outlay/Fixed Assets	(33,550)	(40,000)	(40,000)	(62,000)	55.0%
Changes in Working Capital	(18,795)	-	-	-	0.0%
<b>Net Sources (Uses) of Cash</b>	<b>\$ (21,427)</b>	<b>\$ (48,745)</b>	<b>\$ (4,148)</b>	<b>\$ (23,700)</b>	<b>-51.4%</b>

GOLF COURSE FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>GREENS REVENUES</b>					
Greens Fees-Weekday,Senior,9-Hole	\$ 10,703	\$ 11,600	\$ 12,000	\$ 12,000	3.4%
Greens Fees-Weekday,Senior,18-Hole	3,778	3,400	3,400	3,500	2.9%
Greens Fees-Weekday,Regular,9-Hole	21,839	23,000	23,000	23,000	0.0%
Greens Fees-Weekday,Regular,18-H	9,228	9,900	9,900	9,900	0.0%
Greens Fees-Twilight	-	-	-	-	0.0%
Greens Fees-Weekend/Holiday	34,570	37,000	25,000	30,000	-18.9%
Season Pass-Senior Individual	1,800	1,200	1,500	1,500	25.0%
Season Pass- Regular Individual	2,550	1,275	2,000	2,000	56.9%
Season Pass- Regular Family	42	-	-	-	0.0%
Non-City Residents-Senior Individual	-	-	-	-	0.0%
Non-City Residents-Regular Family	-	-	-	-	0.0%
Non-City Residents-Regular Ind.	-	-	-	-	0.0%
<b>Total Greens Revenues</b>	<b>84,510</b>	<b>87,375</b>	<b>76,800</b>	<b>81,900</b>	<b>-6.3%</b>
<b>GOLF CART REVENUES</b>					
Cart Rentals-Senior, 9-Hole	2	-	-	-	0.0%
Cart Rentals-1/2 Price Senior, 9-Hole	8,808	9,300	9,300	9,300	0.0%
Cart Rentals-Senior, 18-Hole	-	-	-	-	0.0%
Cart Rentals-1/2 Price Senior, 18-Hole	4,263	4,000	4,000	4,000	0.0%
Cart Rentals-Regular, 9-Holes	-	-	-	-	0.0%
Cart Rentals-1/2 Price, 9-Holes	16,927	17,500	17,500	17,500	0.0%
Cart Rentals-Regular, 18-Holes	-	-	-	-	0.0%
Cart Rentals-1/2 Price, 18-Holes	14,007	15,800	15,800	15,800	0.0%
Pull Cart Rentals	618	600	600	600	0.0%
<b>Total Golf Cart Revenues</b>	<b>44,625</b>	<b>47,200</b>	<b>47,200</b>	<b>47,200</b>	<b>0.0%</b>
<b>TOURNAMENTS &amp; SPECIALS</b>	<b>36,851</b>	<b>30,200</b>	<b>36,500</b>	<b>36,500</b>	<b>20.9%</b>
<b>OTHER REVENUES</b>					
Rental of Golf Clubs	570	500	600	600	20.0%
Tee Marker Sponsorship	1,500	1,000	3,000	-	-100.0%
Scorecard Sponsorship	-	4,500	1,750	-	-100.0%
Golf Course Concession Revenues	2,561	2,100	3,000	3,000	42.9%
Golf Course Vending Revenues	6,522	7,000	8,000	8,000	14.3%
Golf Card Revenues	425	710	400	400	-43.7%
Gift Certificate Revenues	-	396	-	-	-100.0%
Locker Rental	-	-	-	-	0.0%
Golf Course Alcohol Revenues	2,524	5,000	6,000	7,000	40.0%
Property Rent-Golf Course	-	-	-	-	0.0%
Miscellaneous Golf Revenues	(2,575)	3,471	2,320	1,700	-51.0%
<b>Total Other Revenues</b>	<b>11,527</b>	<b>24,677</b>	<b>25,070</b>	<b>20,700</b>	<b>-16.1%</b>
<b>Total Operating Revenues</b>	<b>\$ 177,513</b>	<b>\$ 189,452</b>	<b>\$ 185,570</b>	<b>\$ 186,300</b>	<b>-1.7%</b>

GOLF COURSE FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTISIFCATION	COST
<b>Golf Course Bridge Replacement-C0669</b> Replace two wooden bridges with concrete bridges	Bridge replacement	Safety issue. Used by golf carts and equipment	30,000
<b>Golf Course Net-C0670</b> Install a 60 ft high by 250 ft long net along the left side of hole #1 which is the location of the new Senior Center	Net replacement	The Planning Commission approval of a Senior Center requires safety issues be addressed.	32,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 62,000</b>

PROPERTY MANAGEMENT FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Property Management Fund provides professional stewardship over downtown property owned by the City and leased to area businesses. This fund includes the Elizabeth-Hager Center, Roslyn Building, 60 West Washington Street, 36 - 40 North Potomac Street (Studios on NoPo) and the Fire Police Headquarters near the Fairgrounds. The fund is a self-supporting Enterprise Fund.

Expenditures are assigned to specific tenant cost centers where applicable and remaining general costs are allocated based on square footage .

**DEPARTMENT / PROGRAM OBJECTIVES**

- The City acquired 60 W. Washington Street in FY 11 and initiated the renovation of the building. The renovation of the business incubator space will be completed in the Spring 2014. The source of funds for this project is USDA RBEG Grant. This will complete the project. The two anchor spaces remained leased.
- The City acquired 36-40 N. Potomac Street in FY 12 utilizing CDBG funds. The residential renovations are complete. The gallery space is currently being renovated. This housing will include four studio apartment units on the upper floors. CDBG funds and Community Legacy funds are being used to complete this project. Staff anticipate that all four residential units at the Studios on NoPo will be leased.
- Planned repairs to the Elizabeth-Hager Center include leasehold improvements and continued replacement of HVAC units.
- In FY14, part of the Elizabeth-Hager Center (11, 12, 15, and 16 Public Square) was sold to a private investor. The proceeds from that sale have been reserved for project work on economic development brick and mortar projects in the downtown. The decrease in the number of leases in the Elizabeth-Hager Center reflect that sale.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of leases -			
Elizabeth-Hager Center	9	10	6
Roslyn Building	2	2	2
Fire Police Headquarters	1	1	1
Small Business Incubator (60 W. Washington St)	2	2	3
36-40 North Potomac Street	0	1	5
Alms House	0	0	0

PROPERTY MANAGEMENT FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Salary and Wages	\$ 62,476	\$ 62,557	\$ 62,927	\$ 80,837	29.2%
Benefits	21,417	23,212	19,444	24,984	7.6%
Overtime	-	-	-	-	0.0%
<b>Personnel Subtotal</b>	<b>83,893</b>	<b>85,769</b>	<b>82,371</b>	<b>105,821</b>	<b>23.4%</b>
Contractual Services	34,856	22,519	23,553	25,238	12.1%
Operating Expenditures	297,297	271,662	258,476	237,346	-12.6%
Operating Cap Exp (Cap Outlay)	85,786	5,000	-	-	0.0%
Other General Expenses	2,158,559	145,000	713,000	705,000	386.2%
<b>Operating Subtotal</b>	<b>2,576,498</b>	<b>444,181</b>	<b>995,029</b>	<b>967,584</b>	<b>117.8%</b>
<b>Total Expenditures</b>	<b>\$ 2,660,391</b>	<b>\$ 529,950</b>	<b>\$ 1,077,400</b>	<b>\$ 1,073,405</b>	<b>102.5%</b>
<b>REVENUES BY TYPE</b>					
Departmental Revenue	1,785,864	537,054	626,958	352,538	-34.4%
<b>Total Revenues</b>	<b>\$ 1,785,864</b>	<b>\$ 537,054</b>	<b>\$ 626,958</b>	<b>\$ 352,538</b>	<b>-34.4%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 874,527</b>	<b>\$ (7,104)</b>	<b>\$ 450,442</b>	<b>\$ 720,867</b>	<b>-10247.3%</b>

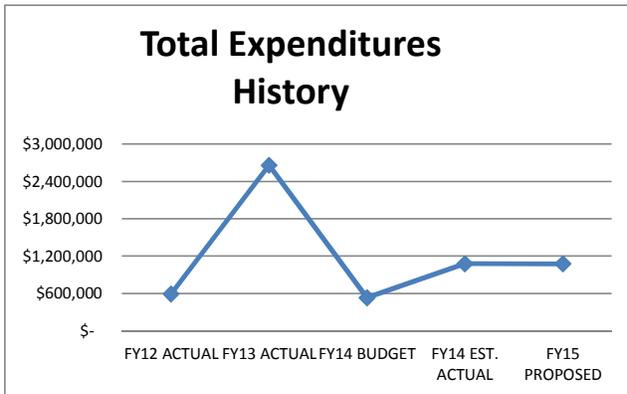
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Total expenditures increased by a total of \$551K from adopted FY14 budget compared to actual projections for FY14. This significant increase is due to the sale of the building located at 10/12/15/16 Public Square for a loss of <\$513K> in August 2013, which is reflected in the Other General Expenses category above. As a result of selling this building, there is also a decrease in revenue and operating expenditures from tenants located in this building. Last, Other General Expenses includes a transfer of \$60K in FY14 estimated actuals for the commitment made to the Maryland Theatre for renovations. The total commitment to the Maryland Theatre is \$260K and will cross fiscal years. The source of funding for the Maryland Theatre grant is from prior sale of proceeds from 21 Willard Street property which occurred in FY13.

Adopted FY14 to Proposed FY15

Total expenditures more than doubles from FY14 budget to proposed FY15 budget. The increase in Other General Expenses reflects the remaining commitment of \$200K to the Maryland Theatre. Additionally, there is a transfer of \$365K to the CIP fund to help cover costs associated with the MELP project (45-C0839 in Section 9). The source of funding for both is the remaining balance received from the prior sale of proceeds from 21 Willard Street property which occurred in FY13. Total departmental revenue is anticipated to decrease by 34.4% or \$184K and reflects: \$34K reduction in rental income (sale of Public Square building in FY14); \$110K reduction in transfers from CDBG and Economic Redevelopment; and \$39K reduction in grants.



**STAFFING SUMMARY**

	FY14			
	FY13	Budget	Est Act	FY15
Full time	0.4	0.9	0.9	0.9
Less: Unfunded	0.0	0.0	0.0	0.0
<b>Staffing Total</b>	<b>0.4</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
Part time	0.0	0.0	0.0	1.0
<b>Total Part time</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>

PROPERTY MANAGEMENT FUND - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>OPERATING REVENUES</b>					
Rent from Tenants	\$ 380,572	\$ 361,028	\$ 326,297	\$ 327,538	-9.3%
Other Revenues	4,935	2,447	4,107	3,000	22.6%
<b>Total Operating Revenues</b>	<b>385,507</b>	<b>363,475</b>	<b>330,404</b>	<b>330,538</b>	<b>-9.1%</b>
<b>OPERATING EXPENSES</b>					
Selling, General and Administrative Expenses	501,835	384,950	364,400	368,405	-4.3%
Depreciation	162,836	145,000	140,000	140,000	-3.4%
<b>Total Operating Expenses</b>	<b>664,671</b>	<b>529,950</b>	<b>504,400</b>	<b>508,405</b>	<b>-4.1%</b>
<b>Operating Income (Loss)</b>	<b>(279,164)</b>	<b>(166,475)</b>	<b>(173,996)</b>	<b>(177,867)</b>	<b>6.8%</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest Earned	16,827	3,500	-	-	-100.0%
Gain (Loss) on Capital Assets	(1,370,722)		(513,000)	-	0.0%
<b>Total Other Income (Expense)</b>	<b>(1,353,895)</b>	<b>3,500</b>	<b>(513,000)</b>	<b>-</b>	<b>-100.0%</b>
<b>Net Income (Loss) Before Transfers</b>	<b>(1,633,059)</b>	<b>(162,975)</b>	<b>(686,996)</b>	<b>(177,867)</b>	<b>9.1%</b>
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>					
Transfers to General Fund	-	-	(60,000)	(200,000)	100.0%
Transfers to Capital Improvement Fund	-	-	-	(365,000)	100.0%
Transfers from CDBG Fund	566,633	75,000	75,000	-	-100.0%
Transfers from Econ Redevelopment	75,906	57,000	45,000	22,000	-61.4%
<b>Total Transfers From (To) Funds</b>	<b>642,539</b>	<b>132,000</b>	<b>60,000</b>	<b>(543,000)</b>	<b>-511.4%</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Grants in Aid of Construction	115,993	38,079	176,554	-	-100.0%
Non-Cash Developer Contributions	-				
<b>Total Capital Contributions</b>	<b>115,993</b>	<b>38,079</b>	<b>176,554</b>	<b>-</b>	<b>-100.0%</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>(874,527)</b>	<b>7,104</b>	<b>(450,442)</b>	<b>(720,867)</b>	<b>-10247.3%</b>
Add Back Depreciation	162,836	145,000	140,000	140,000	-3.4%
Capital Outlay/Fixed Assets	(1,090,721)	(168,079)	(274,554)	(85,000)	-49.4%
Changes in Working Capital	1,924,068	-	513,000	-	0.0%
<b>Net Sources (Uses) of Cash</b>	<b>\$ 121,656</b>	<b>\$ (15,975)</b>	<b>\$ (71,996)</b>	<b>\$ (665,867)</b>	<b>4068.2%</b>

PROPERTY MANAGEMENT FUND - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Rent - 2-6 N Potomac Street, 1st Floor	\$ 156,723	161,530	161,530	161,530	0.0%
Rent - 14 N Potomac Street, Suite 200A/B	45,584	20,400	20,400	20,400	0.0%
Rent - 14 N Potomac Street, Suite B-2	26,250	27,000	26,250	27,000	0.0%
Rent - 16 Public Square	13,800	13,800	1,150	-	-100.0%
Rent - 12 Public Square	10,980	13,870	600	-	-100.0%
Rent - 6 N Potomac Street	18,600	18,600	18,600	18,600	0.0%
Rent - 11 Public Square, Suite 200	-	-	-	-	0.0%
Rent - 14 N Potomac Street, Suite B-3	27,222	27,272	27,222	27,222	-0.2%
Rent - 10 Public Square (Common Area)	2,663	2,663	222	-	-100.0%
Rent - 17 E Franklin Street	8,181	8,400	8,400	8,512	1.3%
Rent - 25 E Franklin Street	-	-	-	-	0.0%
Rent - 11 Public Square, Suite 300	-	-	-	-	0.0%
Rent - 14 N Potomac Street, Suite LI	-	-	-	-	0.0%
Rent - 14 N Potomac Suite 200B Rm 59	2,334	2,334	2,334	2,334	0.0%
Rent - 14 N Potomac Street, Suite 200B	5,500	6,000	3,000	-	-100.0%
Rent - 60 W Wash Ste 102	6,712	7,019	7,019	7,370	5.0%
Rent - 790-800 Potomac Avenue	14,388	-	-	-	0.0%
Rent - 40 N Potomac Street	18,223	21,900	17,830	19,830	-9.5%
Rent - 60 W Washington St Rear	23,412	30,240	30,240	30,240	0.0%
Rent - 38 N Potomac Street	-	-	1,500	4,500	100.0%
<b>Total Rent from Tenants</b>	<b>380,572</b>	<b>361,028</b>	<b>326,297</b>	<b>327,538</b>	<b>-9.3%</b>
Insurance Reimbursements	435	-	1,545	-	0.0%
Other Revenues	4,500	2,447	2,562	3,000	22.6%
<b>Total Other Revenues</b>	<b>4,935</b>	<b>2,447</b>	<b>4,107</b>	<b>3,000</b>	<b>22.6%</b>
<b>Total Operating Revenues</b>	<b>\$ 385,507</b>	<b>\$ 363,475</b>	<b>\$ 330,404</b>	<b>\$ 330,538</b>	<b>-9.1%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Rental income from tenants decreased from FY14 budget to estimated actual FY14 by 9.6% (or \$34,731). At the time of FY14 budget preparation, we included revenue for a building owned on Public Square. During FY14, we sold this building on Public Square and no longer have tenant income which represents a decrease of \$28,361 from FY14 budget. Additionally, the space at 14 N Potomac Street, Suite 200B is now vacant. Last, the estimated actual for FY14 for other revenues is expected to be 67.8% (or \$1,660) more than FY14 budget.

Adopted FY14 to Proposed FY15

Rental income from tenants continues to reflect a decrease from FY14 budget to FY15 budget by 9.3% (or \$33,490). This decrease is a result of selling the building on Public Square in FY14. Additionally, we only include revenue for leases currently have. So there is no revenue in the FY15 budget for the vacant space at 60 W Washington Street, Suite 102.

PROPERTY MANAGEMENT FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

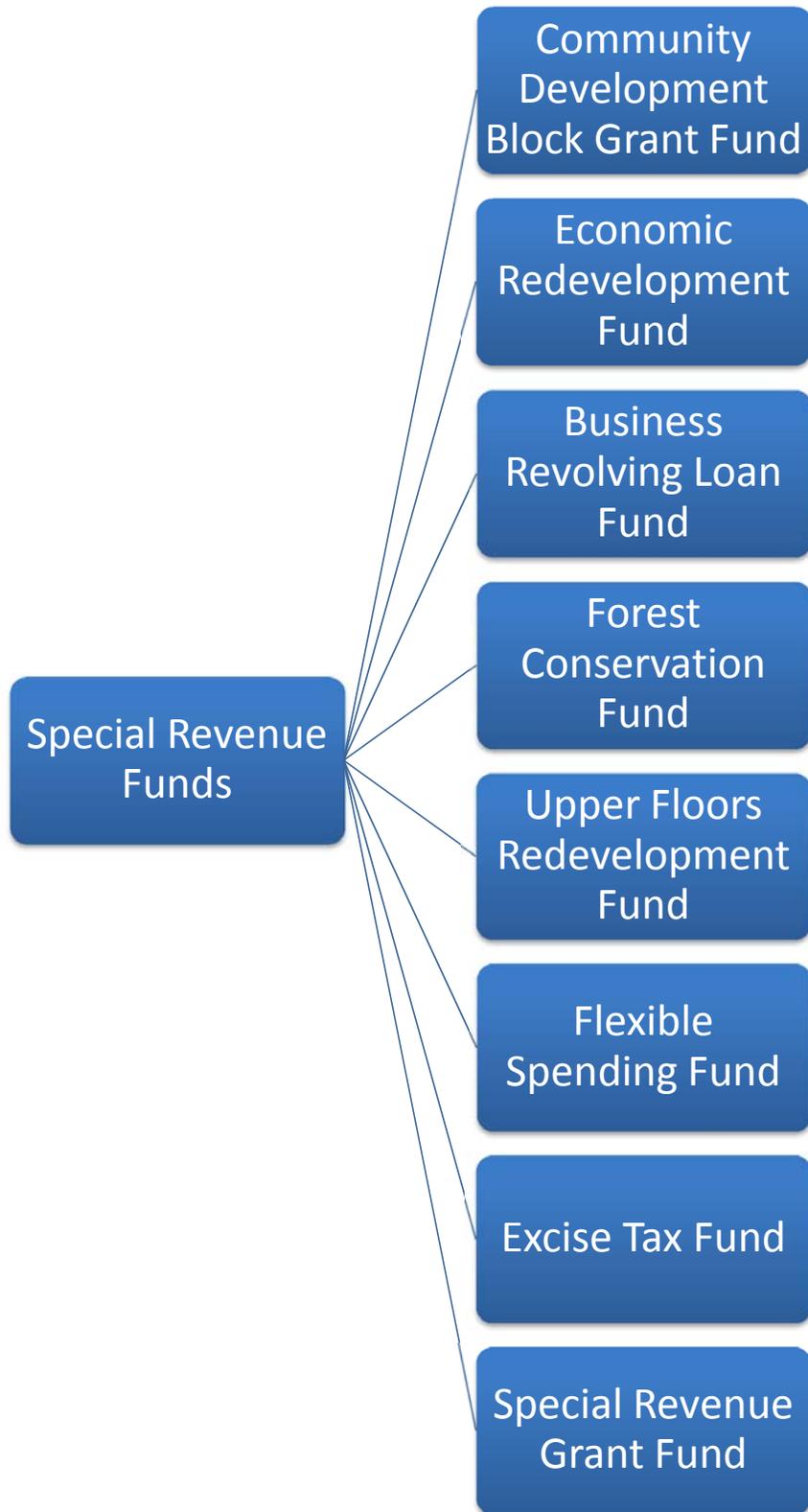
ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
<p><b>Elizabeth Hager Center-C0803</b> Replace doors to main entrance (\$10,000); replace portion of the roof over suite B (\$20,000); and replacement of HVAC units as needed (\$20,000).</p>	<p>Office and operation use for City's tenants</p>	<p>HVAC units have reached the end of their life cycle (15-20 years) and will be systematically replaced. Building was renovated over 15 years ago and continued maintenance is required.</p>	<p style="text-align: right;">50,000</p>
<p><b>36-40 N Potomac St-C0836</b> Final phase of of renovations, new rear exit, repair to the rear wall and new deck areas for the restaurant and gallery spaces.</p>	<p>Office and operation use for City's tenants</p>	<p>To create live/work spaces for artists with access to a cooperative gallery</p>	<p style="text-align: right;">35,000</p>
<p><b>TOTAL CAPITAL OUTLAY</b></p>			<p style="text-align: right;"><b>\$ 85,000</b></p>

**SPECIAL REVENUE FUNDS  
SECTION 5**

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SPECIAL REVENUE FUNDS - COMBINED STATEMENT OF REVENUES AND EXPENDITURES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	CDBG	ECONOMIC REDEV	BUS. REVOLV LOAN FUND	FOREST CONSERV FUND	UPPER FL REDEVELOP FUND	FLEXIBLE SPENDING	EXCISE TAX	SPECIAL REVENUE GRANT	TOTAL
<b>REVENUES</b>									
Grant Revenues	\$ 846,135	\$ 150,000	100,000	\$ -	\$ -	\$ -	\$ -	\$ 53,394	\$ 1,149,529
Excise Tax	-	-	-	-	-	-	-	-	-
Program Income	185,476	-	81,029	-	-	-	-	-	266,505
Investment Earnings	-	500	350	50	350	75	900	-	2,225
Property Sales	-	-	-	-	-	-	-	-	-
Reforest Fees	-	-	-	-	-	-	-	-	-
Other Revenues	-	21,600	-	-	-	5,500	-	-	27,100
<b>Total Revenues</b>	<b>1,031,611</b>	<b>172,100</b>	<b>181,379</b>	<b>50</b>	<b>350</b>	<b>5,575</b>	<b>900</b>	<b>53,394</b>	<b>1,445,359</b>
<b>EXPENDITURES</b>									
Property Acquisition/Renovation	-	50,000	-	-	-	-	-	-	50,000
New Loan Expenditures	-	-	125,000	-	-	-	-	-	125,000
Commercial/Industrial Improvements	130,000	12,500	-	-	-	-	-	-	142,500
Public Facilities and Improvements	140,000	115,000	-	-	-	-	-	-	255,000
Public Services	100,000	-	-	-	-	-	-	-	100,000
Housing	348,000	-	-	-	-	-	-	-	348,000
Administration	151,863	21,495	21,751	-	-	6,799	-	-	201,908
Public Safety	-	-	-	-	-	-	-	54,119	54,119
Incentive for Apartment Unit Reductions	-	50,000	-	-	-	-	-	-	50,000
Downtown Residency Prog:Invest Hagerstown	-	100,000	-	-	-	-	-	-	100,000
City-wide Residency Prog:Invest Hagerstown	-	135,000	-	-	-	-	-	-	135,000
PEP Subsidized Rent Payments	-	120,000	-	-	-	-	-	-	120,000
<b>Total Expenditures</b>	<b>869,863</b>	<b>603,995</b>	<b>146,751</b>	<b>-</b>	<b>-</b>	<b>6,799</b>	<b>-</b>	<b>54,119</b>	<b>1,681,527</b>
<b>Excess of Revenues Over (under) Expenditures</b>	<b>161,748</b>	<b>(431,895)</b>	<b>34,628</b>	<b>50</b>	<b>350</b>	<b>(1,224)</b>	<b>900</b>	<b>(725)</b>	<b>(236,168)</b>
<b>OTHER FINANCING USES</b>									
Operating Transfers In	-	-	50,000	-	-	-	-	-	50,000
General FB Transfers (In) Invest Hagerstown	-	235,000	-	-	-	-	-	-	235,000
Operating Transfers (Out)	-	(22,000)	-	(40,000)	(50,000)	-	(162,000)	-	(274,000)
<b>Total Other Financing Uses</b>	<b>-</b>	<b>213,000</b>	<b>50,000</b>	<b>(40,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>(162,000)</b>	<b>-</b>	<b>11,000</b>
Adjust for Balance Sheet Transactions	-	(50,000)	-	-	-	-	-	-	(50,000)
<b>Net Change in Fund Balance</b>	<b>161,748</b>	<b>(168,895)</b>	<b>84,628</b>	<b>(39,950)</b>	<b>(49,650)</b>	<b>(1,224)</b>	<b>(161,100)</b>	<b>(725)</b>	<b>(175,168)</b>
<b>Beginning Fund Balance</b>	<b>2,821,799</b>	<b>914,910</b>	<b>1,067,668</b>	<b>42,808</b>	<b>176,887</b>	<b>11,020</b>	<b>343,283</b>	<b>22,606</b>	<b>5,400,981</b>
<b>Ending Fund Balance</b>	<b>\$ 2,983,547</b>	<b>\$ 746,015</b>	<b>\$ 1,152,296</b>	<b>\$ 2,858</b>	<b>\$ 127,237</b>	<b>\$ 9,796</b>	<b>\$ 182,183</b>	<b>\$ 21,881</b>	<b>\$ 5,225,813</b>

COMMUNITY DEVELOPMENT BLOCK GRANT - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

**DEPARTMENT / PROGRAM OVERVIEW**

The Department of Community and Economic Development (DCED) administers the City's Community Development Block Grant Program (CDBG). The primary objective of the is the development of a viable urban community.

Hagerstown is an entitlement grantee under the CDBG Entitlement Program. Entitlement grantees receive an annual allocation of CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD). These funds must be used for community based programs and activities that meet one of the three CDBG National Objectives.

The three National Objectives are:

- Benefit to low and moderate income persons (Primary Objective);
- Aid in the prevention or elimination of slums or blight;
- Meeting a need having a particular urgency.

Due to Federal Budget cuts, the City's entitlement has been reduced by approximately 40% when compared to past entitlements. Although the City's FY14 entitlement remained relatively level when compared to the FY13 entitlement, reductions to the FY15 entitlement are anticipated. Based on preliminary Federal Budget allocations, the City expects the FY15 entitlement to be 10% less than the FY14 entitlement.

**DEPARTMENT / PROGRAM OBJECTIVES**

- Consistent with the National Objectives, the FY15 CDBG budget concentrates funds on sustainable programming that results in visible and impactful community development projects. Current and future Community Development projects are being implemented to enhance the City's urban core and strengthen neighborhoods throughout the City. Housing programs include funding for both private/public partnership projects and City sponsored projects. The proposed projects focus on improving the quality of the existing housing stock and the quality of life for Hagerstown residents.
- The DCED works in cooperation with other City Departments to carry out neighborhood based projects. Proposed Public Facility projects to be carried out in cooperation with the Department of Parks & Engineering for FY15 include:
  - Creation of an Urban Park in the West End
  - Sidewalk accessibility ramp construction and neighborhood development activities at locations throughout the City
- In addition to the above activities, DCED will partner with multiple City Departments and private property owners to carry out various projects and initiatives that will enhance the Franklin Street corridor in the downtown. Some of these projects include:
  - Streetscape improvements
  - Public art displays
  - Lighting upgrades
- The FY15 budget also proposes support for local public service providers. Public service providers must carry out eligible activities that meet critical, identifiable, and unmet community needs for low and moderate income City residents. Public Service providers must also have clear goals and specific, measurable, and realistic evaluation criteria.

**PERFORMANCE INDICATORS**

	2012/13	2013/14	2014/15
Number of Active Loans Outstanding	35	27	29
Value of Active Loan Portfolio (\$000)	\$ 1,665	\$ 1,569	\$ 1,619
Single Family Rehabilitation Projects	20	20	20
Down Payment Assistance Recipients	4	6	6
Citizens Assisted Through Public Services	2,000	3,350	3,500
Overall Low/Moderate Benefit Ratio (%)	70.0%	70.0%	75.0%
Total Administrative Costs as Percent of Total Expenditures	20.0%	20.0%	20.0%

COMMUNITY DEVELOPMENT BLOCK GRANT - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
Acquisition	\$ 220,000	\$ -	\$ -	\$ -	0.0%
Commercial/Industrial Improvements	-	175,000	175,000	130,000	-25.7%
Clearance and Demolition	975	-	45,000	-	0.0%
Public Facilities and Improvements	333,866	250,000	274,000	140,000	-44.0%
Public Services	135,057	105,000	105,175	100,000	-4.8%
Cost of Properties Held for Resale	435,879	-	-	-	0.0%
Housing	509,805	460,000	562,500	348,000	-24.3%
Administration	176,897	157,491	144,034	151,863	-3.6%
<b>Total Expenditures</b>	<b>\$ 1,812,479</b>	<b>\$ 1,147,491</b>	<b>\$ 1,305,709</b>	<b>\$ 869,863</b>	<b>-24.2%</b>

**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Administrative and personnel costs associated with various activities will remain under the regulatory cap of 20%.

In FY14, funding was provided for a part-time inspector position focused on improving the quality of life in City neighborhoods. Funding for this position is included in the FY15 budget.

A cooperative effort with the Engineering & Parks Department lead to the following neighborhood based projects in FY14:

- o Accessibility Improvements
- o Memorial Park Phase II
- o Character Counts! Walking Path
- o Demolition of rear portion of 43-53 West Washington Street

Through a partnership with the State of Maryland, ten (10) homeowners were assisted with State funding utilized for down payment and closing costs for the purchase of a new home.

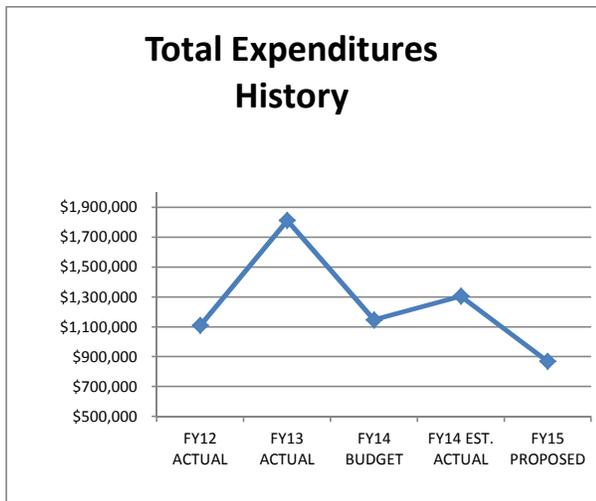
In FY14, the Mayor and City Council adopted the First Third Grant Program and the City-wide Down-payment program. These programs offer substantial incentives for commercial redevelopment, mixed-use redevelopment, and homeownership. Coupled with existing CDBG programs, the newly adopted programs will positively impact the downtown and neighborhoods throughout the City.

Estimated Actual FY14 to Proposed FY15

As mentioned above, the City is anticipating a reduction in FY15 CDBG entitlement funds due to expected Federal funding cuts. Because of the reduced entitlement, FY14 expenditures are projected to be proportionately lower than FY14.

The FY15 budget includes funds for moving forward with several initiatives in the Strategic Plan including creation of Neighborhood Parks, various Neighborhood Improvements, and improving the livability and economic prosperity of the City.

In cooperation with multiple City departments, efforts will be made to carry out neighborhood based projects throughout the City.



**STAFFING SUMMARY**

	FY14			
	FY13	Budget	Est Act	FY15
Full time	2.5	2.2	2.2	2.2
Less: Unfunded	0.0	0.0	0.0	0.0
<b>Staffing Total</b>	<b>2.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>

Full time employee count will remain flat for FY15.

COMMUNITY DEVELOPMENT BLOCK GRANT - COMPARATIVE INCOME STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES</b>					
CDBG Grant Entitlements	\$ 1,191,609	\$ 984,776	\$ 1,111,045	\$ 846,135	-14.1%
Program Income	148,531	201,545	201,545	185,476	-8.0%
Other Revenues	3,200	-	-	-	0.0%
<b>Total Operating Revenues</b>	<b>1,343,340</b>	<b>1,186,321</b>	<b>1,312,590</b>	<b>1,031,611</b>	<b>-13.0%</b>
<b>EXPENDITURES</b>					
Acquisition	220,000	-	-	-	0.0%
Commercial/Industrial Improvements	-	175,000	175,000	130,000	-25.7%
Clearance and Demolition	975	-	45,000	-	0.0%
Public Facilities and Improvements	333,866	250,000	274,000	140,000	-44.0%
Public Services	135,057	105,000	105,175	100,000	-4.8%
Cost of Properties Held for Resale	435,879	-	-	-	0.0%
Housing	509,805	460,000	562,500	348,000	-24.3%
Administration	176,897	157,491	144,034	151,863	-3.6%
<b>Total Operating Expenditures</b>	<b>1,812,479</b>	<b>1,147,491</b>	<b>1,305,709</b>	<b>869,863</b>	<b>-24.2%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>					
	<b>\$ (469,139)</b>	<b>\$ 38,830</b>	<b>\$ 6,881</b>	<b>\$ 161,748</b>	<b>316.6%</b>
<b>Beginning Fund Balance</b>	<b>3,284,057</b>	<b>2,814,918</b>	<b>2,814,918</b>	<b>2,821,799</b>	<b>0.2%</b>
<b>Ending Fund Balance</b>	<b>\$ 2,814,918</b>	<b>\$ 2,853,748</b>	<b>\$ 2,821,799</b>	<b>\$ 2,983,547</b>	<b>4.5%</b>

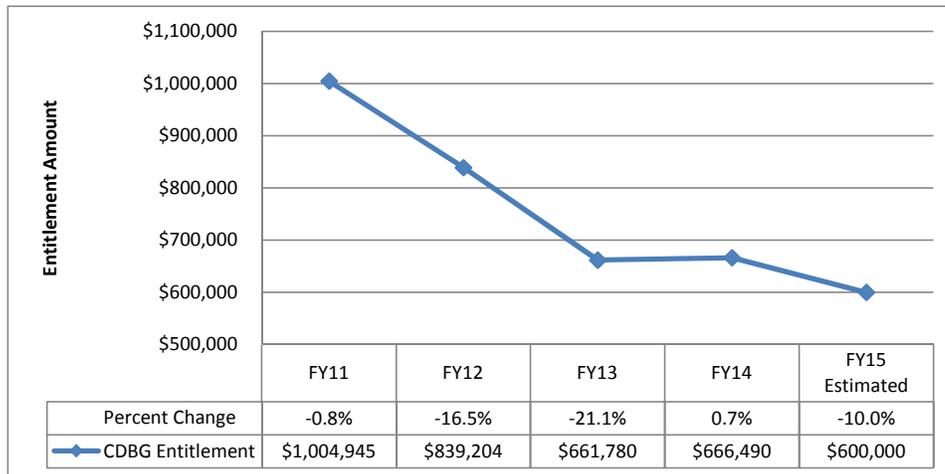
COMMUNITY DEVELOPMENT BLOCK GRANT - PROPOSED OPERATING REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>CDBG GRANT ENTITLEMENTS</b>					
B10 Entitlement	\$ 389,805	\$ -	\$ -	\$ -	0.0%
B11 Entitlement	801,804	-	37,400	-	0.0%
B12 Entitlement	-	384,776	661,000	-	-100.0%
B13 Entitlement	-	600,000	412,645	246,135	-59.0%
B14 Entitlement	-	-	-	600,000	100.0%
<b>Total CDBG Grant Entitlements</b>	<b>1,191,609</b>	<b>984,776</b>	<b>1,111,045</b>	<b>846,135</b>	<b>-14.1%</b>
<b>PROGRAM INCOME</b>					
Sale of Properties	(1,027)	35,000	35,000	25,000	-28.6%
Principal Repayments on Loans	97,666	113,729	113,729	102,348	-10.0%
Interest Income on Loans	51,892	52,816	52,816	58,128	10.1%
<b>Total Program Income</b>	<b>148,531</b>	<b>201,545</b>	<b>201,545</b>	<b>185,476</b>	<b>-8.0%</b>
<b>OTHER REVENUES</b>					
Insurance Reimbursements	200	-	-	-	0.0%
Administrative Fee Revenues	3,000	-	-	-	0.0%
<b>Total Other Revenues</b>	<b>3,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Operating Revenues</b>	<b>\$ 1,343,340</b>	<b>\$ 1,186,321</b>	<b>\$ 1,312,590</b>	<b>\$ 1,031,611</b>	<b>-13.0%</b>

The CDBG Entitlement Funding History graph and chart below illustrate the CDBG Entitlement current year amounts awarded to the City for FY11 – FY14, and the CDBG Entitlement amount estimated to be awarded to the City for FY15. Each year, funding that has not been expended is carried forward as an operating revenue into the next fiscal year. Subsequently, the amounts reported as "Total CDBG Grant Entitlements" in the above table of Proposed Operating Revenues represent the current year Entitlement funding plus any unspent Entitlement funding from prior years.

From the CDBG Entitlement Funding History graph and chart below, it is evident that there has been a sharp decline in the amount of Federal funding awarded to the City for CDBG Entitlement funds. The City's awarded funding peaked in FY11 at \$1.0 million. The funding amount awarded declined sharply from FY11 to FY13. Although the FY14 entitlement was a slight increase from FY13, additional reductions are anticipated in FY15.

**CDBG Entitlement Funding History**



COMMUNITY DEVELOPMENT BLOCK GRANT - PROPOSED OPERATING EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>ACQUISITION</b>					
City - Downtown Buildings	\$ 220,000	\$ -	\$ -	\$ -	0.0%
Total Acquisition	220,000	-	-	-	0.0%
<b>COMMERCIAL/INDUSTRIAL IMPROVEMENTS</b>					
Commercial Property Rehab Loan	-	-	-	-	0.0%
Commercial Rehab-Cellar Doors	-	-	-	30,000	100.0%
Commercial Administration	-	30,000	30,000	-	-100.0%
Commercial Rehabilitation	-	-	-	100,000	100.0%
Commercial Rehab-City Owned Property	-	145,000	145,000	-	-100.0%
Comm Rehab-City Owned 36-40 N Potomac St	-	-	-	-	-
Total Commercial/Industrial Improvements	-	175,000	175,000	130,000	-25.7%
<b>CLEARANCE &amp; DEMOLITION</b>					
City - Downtown Buildings	975	-	45,000	-	0.0%
Total Clearance & Demolition	975	-	45,000	-	0.0%
<b>COST OF PROPERTIES HELD FOR RESALE</b>					
	435,879	-	-	-	0.0%
<b>PUBLIC FACILITIES &amp; IMPROVEMENTS</b>					
Hagerstown Small Business Center	149,563	-	-	-	0.0%
Handicap Ramps	40,000	50,000	74,000	60,000	20.0%
Park Circle Improvements	39,124	-	-	-	0.0%
Neighborhood Parks	74,589	150,000	150,000	80,000	-46.7%
Potterfield Pool Improvements	9,825	-	-	-	0.0%
Audible Traffic Beacon-Howard	11,834	-	-	-	0.0%
Handicap Lift Potterfield	8,931	-	-	-	0.0%
Loans	-	50,000	50,000	-	-100.0%
Total Public Facilities & Improvements	333,866	250,000	274,000	140,000	-44.0%
<b>PUBLIC SERVICES</b>					
Public Services	-	25	-	100,000	399900.0%
Neighborhood Services	-	-	200	-	0.0%
Community Free Clinic	51,012	39,000	39,000	-	-100.0%
Food & Friends	-	4,500	4,500	-	-100.0%
Girl's Inc Supper Program	10,484	8,300	8,300	-	-100.0%
Summer Day Camp (Memorial Recreation Center)	4,250	-	-	-	0.0%
Children in Need	6,375	4,900	4,900	-	-100.0%
Senior Living Alternative Meals	55,436	42,500	42,500	-	-100.0%
Summer Playground Meals	7,500	5,775	5,775	-	-100.0%
Total Public Services	135,057	105,000	105,175	100,000	-4.8%

COMMUNITY DEVELOPMENT BLOCK GRANT - PROPOSED OPERATING EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>HOUSING</b>					
Housing Rehabilitation	\$ -	\$ 357,500	\$ -	\$ 293,000	-18.0%
Res Single Fam Emergency Repair	22,196	30,000	30,000	-	-100.0%
Homeownership Program	7,810	-	200,000	-	0.0%
Commission on Aging	14,368	18,000	18,000	-	-100.0%
HNDP Downpayment & Settlement	28,000	24,500	24,500	-	-100.0%
Single Family Loan Program	6,537	-	70,000	-	0.0%
Residential Rental Rehabilitation	143,000	-	90,000	-	0.0%
CDBG Administration (Residential Rental)	186	15,000	2,500	5,000	-66.7%
CDBG Administration (Home Ownership)	4,569	-	2,500	5,000	100.0%
CDBG Administration (Single Family)	3,362	15,000	15,000	15,000	0.0%
Contra Expense-Single Family Rehab	(137,293)	-	-	-	0.0%
Code Admin PT Inspector	-	-	30,000	30,000	100.0%
Housing Rehab-City Owned	417,070	-	80,000	-	0.0%
<b>Total Housing</b>	<b>509,805</b>	<b>460,000</b>	<b>562,500</b>	<b>348,000</b>	<b>-24.3%</b>
<b>ADMINISTRATION</b>					
Regular Wages - Salaried	92,814	106,356	106,356	93,200	-12.4%
Vacation Pay	4,186	-	-	-	0.0%
Holiday Pay	4,861	-	-	-	0.0%
Sick Leave Pay	4,718	-	-	-	0.0%
Personal Leave	968	-	-	-	0.0%
Allocated Labor - Salaried	(71,328)	(90,000)	(26,881)	(25,000)	-72.2%
Office Supplies	-	500	300	500	0.0%
Computer Software & Supplies	113	500	300	300	-40.0%
Dues, Subscriptions & Periodicals	-	1,000	500	500	-50.0%
Gasoline, Oil & Grease	46	-	-	-	0.0%
Central Maintenance Garage	131	-	-	-	0.0%
Advertising & Printing	2,000	1,500	450	1,000	-33.3%
Maintenance Agreements	-	-	450	-	0.0%
Legal Fees	5,143	4,000	2,000	3,000	-25.0%
Auditing Fees	1,813	3,239	3,239	3,239	0.0%
Consolidated Plan	-	-	-	7,500	100.0%
Public Transportation Expenses	-	100	50	100	0.0%
Lodging & Meals	29	1,000	750	1,000	0.0%
Conference & Seminar Fees	-	1,000	750	1,000	0.0%
Educational Benefits	-	750	750	-	-100.0%
Postage Expenses	45	500	100	400	-20.0%
Other General Expenses	5,278	-	-	-	0.0%
Reserve for Emergencies	-	1,800	-	-	-100.0%
Admin. Overhead Allocation	-	76,000	-	-	-100.0%
Photocopy Expenses	207	650	100	500	-23.1%
Retirement Deficit Payment	8,917	9,364	9,364	9,832	5.0%
Retirement Contribution - State	10,524	12,576	12,206	15,169	20.6%
FICA Taxes	7,858	7,990	-	7,780	-2.6%
Life Insurance	185	212	184	187	-11.8%
Workers Compensation	1,800	1,544	1,544	1,315	-14.8%
Buildings & Contents Insurance	1,685	1,744	1,851	1,932	10.8%
Public Officials	676	322	291	301	-6.5%

COMMUNITY DEVELOPMENT BLOCK GRANT - PROPOSED OPERATING EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
ADMINISTRATION (continued)					
Fleet Insurance	\$ -	\$ -	\$ -	\$ -	0.0%
Health Insurance	12,594	12,379	19,758	22,666	83.1%
Dental Insurance	695	877	753	876	-0.1%
General Liability Insurance	132	188	160	166	-11.7%
Employee Discounted Parking	230	-	173	-	0.0%
Interest Exp. - Escrowed Taxes	213	-	75	-	0.0%
Communication Expense	2,722	1,150	1,430	1,150	0.0%
Capital Outlay - Office Furniture	140	250	150	3,250	1200.0%
Office Allocation	62,542	-	6,881	-	0.0%
Unemployment Taxes	14,960	-	-	-	0.0%
Total Administration	176,897	157,491	144,034	151,863	-3.6%
<b>Total Expenditures</b>	<b>\$ 1,812,479</b>	<b>\$ 1,147,491</b>	<b>\$ 1,305,709</b>	<b>\$ 869,863</b>	<b>-24.2%</b>

COMMUNITY DEVELOPMENT BLOCK GRANT FUND CAPITAL EXPENSES  
FISCAL YEAR 2014/2015

ACCOUNT NO./DESCRIPTION	OUTLINE OF USE	JUSTIFICATION	COST
1050001-5861 Desks, Chairs, & Tables	Office furniture, cabinets, shelves	Replace worn equipment	250
1050001-5865 Computer Equipment	Computer equipment	Replace worn or obsolete equipment	3,000
<b>TOTAL CAPITAL OUTLAY</b>			<b>\$ 3,250</b>

OTHER SPECIAL REVENUE FUNDS - PROGRAM SUMMARY  
FISCAL YEAR 2014/2015

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**ECONOMIC REDEVELOPMENT FUND**

This fund was established to promote the revitalization of the City's downtown and older neighborhood areas. Currently the fund is being used to promote businesses and home ownership in the City Center. Additionally, this fund is used for the PEP Program, First 1/3rd Program, holding real property for resale and related development activities. Revenues in this fund consist of periodic transfers from other funds and a proposal to transfer funds from the General Fund to assist in carrying out the strategic revitalization efforts such as building rehabilitation and/or acquisition activities.

**BUSINESS REVOLVING LOAN FUND**

This fund is designed to assist in the retention, expansion and attraction of businesses within the City. The Business Revolving Loan Fund was initially funded through a grant from the Maryland Department of Business and Economic Development and City Community Betterment Funds. This program provides financing for new and expanding businesses for working capital, equipment and rehabilitation. In FY 14, a partnership with the State of Maryland resulted in a State contribution of \$100,000 to the Revolving Loan Fund. In order to expand loan opportunities, the City will continue to seek funding for the Revolving Loan Fund through this partnership. For FY15, it is anticipated that program income will allow \$125,000 in new loans to be made.

**UPPER FLOORS REDEVELOPMENT FUND**

This fund was originally envisioned to provide assistance to install elevators and other equipment necessary to make the upper floors of existing downtown buildings attractive for residential or business use. In working to leverage funds, transfers from this fund to the Business Revolving Loan fund are being made as the required match for State of Maryland Funding to the Business Revolving Loan Program. The original purpose of this fund can be carried out through both the Business Revolving Loan Fund and other incentive programs such as the First 1/3rd Program.

**FOREST CONSERVATION FUND**

This fund was created as part of the City's forest conservation program for development within the City of Hagerstown. In lieu of reforestation activities on a development site, developers have the option to pay into a special City forest conservation fund for offsite forestation activities. The proposed fiscal year 2014/15 budget includes the transfer of funds to the CIP Fund for street trees and other forestation activities.

**EMPLOYEE FLEXIBLE SPENDING FUND**

This fund accounts for the City Employee Flexible Spending Account (FSA) Program. Funds are transferred into this fund on a pre-tax basis for employees participating in the FSA Program for reimbursed medical and dependent care costs. The City's savings in social security and medicare costs from this pre-tax funding are used to pay for the program's administrative cost.

**EXCISE TAX FUND**

This fund accounts for the City's share of the County Excise Taxes collected by the City. Excise Taxes revenue may be used only for specific purposes and is tracked in order to comply with the purposes permitted. Permitted purposes include roads, new construction or development of parks and recreational facilities, new construction or development of water and wastewater infrastructure and new construction or development of public safety facilities.

**SPECIAL REVENUE GRANT FUND**

In Fiscal Year 2006/07 the City, as a result of an audit recommendation, created a separate special revenue fund to account for operating grant revenues from various federal, state, and local agencies and related expenditures. This fund allows grant revenues and expenditures to be tracked separately by grant projects. Local matches, if required, are shown as transfers in from other funds. Unspent grant funds are carried over from year-to-year until expended for their intended purpose.

ECONOMIC REDEVELOPMENT FUND - PROGRAM DESCRIPTION  
FISCAL YEAR 2014/2015

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**DEPARTMENT / PROGRAM OVERVIEW**

The Economic Redevelopment Fund has several major initiatives included in the budget. The 3 primary initiatives are 170 West Washington Street, 43-53 West Washington Street and Franklin Street Beautification/Enhancements.

**170 West Washington Street:**

A property located at the western gateway to the City Center is undergoing enhancements to remedy a blighting influence on the surrounding neighborhood and promote a more positive image of the downtown. The City of Hagerstown purchased the property at 170 West Washington Street from Frederick County Bank in March of 2013. The property had been vacant for a significant amount of time, which was impacting the immediate area, to include churches and the St. Mary School. Using Economic Redevelopment funds, the City demolished the rear motel portion of the property, leveling the rear lot to make it ready for either new construction or parking, depending on a subsequent owner's needs. Finally, the City stabilized the masonry exterior exposed by the motel demolition. Future plans include replacing the roof and painting the exterior to more effectively promote the building for redevelopment.

Due to the location and historical value of the structure, this property was selected to be one of the City's strategic acquisition and redevelopment projects. After further stabilization [word choice here - maybe "improvements" instead of stabilization? Work mentioned above doesn't seem to include stabilization], the property will be marketed for resale back to the private sector for final redevelopment.

The property was acquired for \$27,500 using Economic Redevelopment funds. An additional \$87,000 in Economic Redevelopment funding was expended on the demolition of the motel portion and rebuild of the rear masonry wall. The City is seeking a State of Maryland Community Legacy Grant to provide funding for future renovation activities.

**43-53 West Washington Street:**

Two neglected and deteriorating properties located across the street from the University System of Maryland at Hagerstown are now undergoing enhancements to create meaningful change in the downtown. In April of 2013 the City of Hagerstown purchased two buildings located at 43-53 West Washington Street (also known as the Updegraf Buildings). 43-47 West Washington Street is in significant need of repair and stabilization due to years of neglect and exposure to the elements. The City inherited a tenant, The Potomac Bead Company, in the 49-53 building, which has a complete fire suppression system and is otherwise more prepared for complete redevelopment. In early 2014, the small two-story section of the rear of this building will be demolished and the rear wall will be rebuilt. Future plans include roof replacement, façade renovations and additional interior stabilization to effectively promote the buildings for redevelopment.

The property presents a significant opportunity for an impactful downtown redevelopment project given its location across from the USMH campus and within the heart of the Arts and Entertainment District. After demolition and stabilization of the rear section, the property will be marketed for resale back to the private sector for final redevelopment.

The property was acquired for \$320,000 using a combination of Federal and State funding. \$220,000 of Community Development Block Grant (CDBG) funding was leveraged with \$100,000 of Community Legacy funding to purchase the property. Demolition of the rear two-story section, rear wall reconstruction, and roof replacement will utilize a combination of CDBG funds and City funds available from the resale of City property. The City is also seeking a State of Maryland Community Legacy Grant to provide funding for future renovation activities.

**Franklin Street Beautification/Enhancements:**

In 2014, the Department of Community and Economic Development will begin implementation of numerous projects and initiatives that will enhance the Franklin Street corridor in the downtown. This comprehensive effort will include cooperation from Parks & Engineering, Utilities, Public Works, HPD, and private property owners. Planned public improvements will consist of street tree box enhancements, sidewalk door replacements, public/private lighting upgrades, and public art displays. Opportunities for public/private partnerships through the installation of decorative coach lighting and uniform trespassing signage are being finalized.

Combined with the existing programs such as the City Center Residency Initiative, Neighborhood Façade Program, and First Third Grant Program, these concentrated efforts will have a significant impact in the downtown and create visible change along Franklin Street.

Enhancements to the Franklin Street corridor will have a positive impact on one of the major gateways to downtown Hagerstown and help to continue the momentum from projects being carried out on Washington Street and Potomac Street.

In Fiscal Year 2014, funding for the above initiatives will be a combination of Economic Redevelopment and Community Development Block Grant funds. Additional funding through State and Federal programs will also be pursued.

ECONOMIC REDEVELOPMENT FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES</b>					
Interest Income from Investments	\$ 811	\$ 500	\$ 500	\$ 500	0.0%
State Community Legacy Grant	100,000	-	-	150,000	100.0%
Property Sales	105,000	-	-	-	0.0%
Other Revenues	3,600	-	21,600	21,600	100.0%
<b>Total Revenues</b>	<b>209,411</b>	<b>500</b>	<b>22,100</b>	<b>172,100</b>	<b>34320.0%</b>
<b>EXPENDITURES</b>					
Administrative Expenditures	10,565	5,000	5,000	5,000	0.0%
Property Acquisition and Renovation					
Costs: Properties Held for Resale	-	367,000	-	50,000	-86.4%
Costs of Property Sales	114,498	-	-	-	0.0%
Downtown Residency Prog:Invest Hagerstown	-	10,000	31,800	100,000	900.0%
City-wide Residency Prog:Invest Hagerstown	-	-	15,000	135,000	100.0%
PEP Subsidized Rent Payments	52,228	80,600	80,600	120,000	48.9%
Main Street Program	-	-	-	15,000	100.0%
Incentive for Apartment Unit Reductions	-	75,000	25,000	50,000	-33.3%
Downtown Streetscape Enhancements	-	100,000	100,000	100,000	0.0%
Sign and Facade Grants	-	12,500	12,500	12,500	0.0%
Current Property Expenditures	111,343	15,621	6,076	16,495	5.6%
<b>Total Expenditures</b>	<b>288,634</b>	<b>665,721</b>	<b>275,976</b>	<b>603,995</b>	<b>-9.3%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from General Fund:					
Community Based Initiatives	200,000	100,000	100,000	-	-100.0%
Transfers from GF Fund Bal:Invest Hagerstown	-	-	15,000	235,000	100.0%
Transfers from CDBG Fund	220,975	145,000	190,000	-	-100.0%
Transfers (to) General Fund	(19,875)	-	-	-	0.0%
Transfers (to) Property Mgmt Fund	(75,906)	(57,000)	(45,000)	(22,000)	-61.4%
<b>Total Other Financing Sources</b>	<b>325,194</b>	<b>188,000</b>	<b>260,000</b>	<b>213,000</b>	<b>13.3%</b>
Adjust for Balance Sheet Transactions	-	(367,000)	-	(50,000)	-86.4%
<b>Net Change in Fund Balance</b>	<b>245,971</b>	<b>(110,221)</b>	<b>6,124</b>	<b>(168,895)</b>	<b>53.2%</b>
<b>Beginning Fund Balance</b>	<b>662,815</b>	<b>908,786</b>	<b>908,786</b>	<b>914,910</b>	<b>0.7%</b>
<b>Ending Fund Balance</b>	<b>\$ 908,786</b>	<b>\$ 798,565</b>	<b>\$ 914,910</b>	<b>\$ 746,015</b>	<b>-6.6%</b>

BUSINESS REVOLVING LOAN FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES &amp; LOAN REPAYMENTS</b>					
Program Income:					
Principal Repayments	\$ -	\$ 58,000	\$ 54,433	\$ 57,326	-1.2%
Interest from Loans	11,831	23,000	23,037	23,703	3.1%
Interest on Investments	352	1,000	350	350	-65.0%
State Grants	250,000	-	-	100,000	100.0%
Miscellaneous Revenues	-	-	-	-	0.0%
<b>Total Revenues</b>	<b>262,183</b>	<b>82,000</b>	<b>77,820</b>	<b>181,379</b>	<b>121.2%</b>
<b>EXPENDITURES, NEW LOANS &amp; OTHER WORKING CAPITAL</b>					
Salary and Wages	-	-	-	17,453	100.0%
Contractual Services	6,862	1,399	2,399	4,298	207.2%
Capital Outlay	-	-	1,391	-	0.0%
New Loan Expenditures	(86,094)	100,000	60,000	125,000	25.0%
<b>Total Expenditures</b>	<b>(79,232)</b>	<b>101,399</b>	<b>63,790</b>	<b>146,751</b>	<b>44.7%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from Upper Floors Redev Fund	125,000	-	-	50,000	100.0%
<b>Total Other Financing Sources</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>100.0%</b>
<b>Net Change in Fund Balance</b>	<b>466,415</b>	<b>(19,399)</b>	<b>14,030</b>	<b>84,628</b>	<b>-536.2%</b>
<b>Beginning Fund Balance</b>	<b>587,223</b>	<b>1,053,638</b>	<b>1,053,638</b>	<b>1,067,668</b>	<b>1.3%</b>
<b>Ending Fund Balance</b>	<b>\$ 1,053,638</b>	<b>\$ 1,034,239</b>	<b>\$ 1,067,668</b>	<b>\$ 1,152,296</b>	<b>11.4%</b>

UPPER FLOORS REDEVELOPMENT FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14		2014/15 PROPOSED	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
<b>REVENUES</b>					
Interest on Investments	\$ 377	\$ -	\$ 350	\$ 350	100.0%
State Community Legacy Grant	-	-	-	-	0.0%
<b>Total Revenues</b>	<b>377</b>	<b>-</b>	<b>350</b>	<b>350</b>	<b>100.0%</b>
<b>EXPENDITURES</b>					
New Loan (Grant) Expenditures	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) Bus Revolving Loan Fund	(125,000)	-	-	(50,000)	100.0%
<b>Total Other Financing Sources</b>	<b>(125,000)</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>	<b>100.0%</b>
<b>Net Change in Fund Balance</b>	<b>(124,623)</b>	<b>-</b>	<b>350</b>	<b>(49,650)</b>	<b>100.0%</b>
<b>Beginning Fund Balance</b>	<b>301,160</b>	<b>176,537</b>	<b>176,537</b>	<b>176,887</b>	<b>0.2%</b>
<b>Ending Fund Balance</b>	<b>\$ 176,537</b>	<b>\$ 176,537</b>	<b>\$ 176,887</b>	<b>\$ 127,237</b>	<b>-27.9%</b>

FOREST CONSERVATION FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14		2014/15 BUDGET	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
<b>REVENUES</b>					
Reforest Fees - Unspecified	\$ -	\$ -	\$ -	\$ -	0.0%
Interest Revenue	60	350	50	50	-85.7%
<b>Total Revenues</b>	<b>60</b>	<b>350</b>	<b>50</b>	<b>50</b>	<b>-85.7%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) CIP Fund	-	-	-	(40,000)	100.0%
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,000)</b>	<b>100.0%</b>
<b>Net Change in Fund Balance</b>	<b>60</b>	<b>350</b>	<b>50</b>	<b>(39,950)</b>	<b>-11514.3%</b>
<b>Beginning Fund Balance</b>	<b>42,698</b>	<b>42,758</b>	<b>42,758</b>	<b>42,808</b>	<b>0.1%</b>
<b>Ending Fund Balance</b>	<b>\$ 42,758</b>	<b>\$ 43,108</b>	<b>\$ 42,808</b>	<b>\$ 2,858</b>	<b>-93.4%</b>

EMPLOYEE FLEXIBLE SPENDING FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13 ACTUAL	2013/14		2014/15 PROPOSED	2014/15 % CHANGE
		BUDGET	EST. ACTUAL		
<b>REVENUES</b>					
Interest Earned	\$ (1)	\$ 75	\$ 75	\$ 75	0.0%
Employer FICA Savings	4,926	5,000	5,000	5,000	0.0%
Unreimbursed Employee Deductions	(9,580)	500	500	500	0.0%
<b>Total Revenues</b>	<b>(4,655)</b>	<b>5,575</b>	<b>5,575</b>	<b>5,575</b>	<b>0.0%</b>
<b>EXPENDITURES</b>					
Contractual Services	5,481	5,300	5,400	5,400	1.9%
Other General Expense	783	1,399	800	1,399	0.0%
<b>Total Expenditures</b>	<b>6,264</b>	<b>6,699</b>	<b>6,200</b>	<b>6,799</b>	<b>1.5%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) General Fund	-	(6,000)	-	-	-100.0%
<b>Total Other Financing Uses</b>	<b>-</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>
<b>Net Change in Fund Balance</b>	<b>(10,919)</b>	<b>(7,124)</b>	<b>(625)</b>	<b>(1,224)</b>	<b>-82.8%</b>
<b>Beginning Fund Balance</b>	<b>22,564</b>	<b>11,645</b>	<b>11,645</b>	<b>11,020</b>	<b>-5.4%</b>
<b>Ending Fund Balance</b>	<b>\$ 11,645</b>	<b>\$ 4,521</b>	<b>\$ 11,020</b>	<b>\$ 9,796</b>	<b>116.7%</b>

EXCISE TAX FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES</b>					
Revenue for Roads	\$ 82,409	\$ 65,000	\$ 75,000	\$ -	-100.0%
Revenue for Other Capital Purposes	17,915	14,000	15,000	-	-100.0%
Revenue from Nonresidential Projects	15,168	16,000	-	-	-100.0%
Miscellaneous Revenue	(15,621)	-	-	-	0.0%
Interest Revenue	912	2,000	900	900	-55.0%
<b>Total Revenues</b>	<b>100,783</b>	<b>97,000</b>	<b>90,900</b>	<b>900</b>	<b>-99.1%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to) CIP Fund	(100,053)	(627,919)	(555,920)	(162,000)	-74.2%
<b>Total Other Financing Sources</b>	<b>(100,053)</b>	<b>(627,919)</b>	<b>(555,920)</b>	<b>(162,000)</b>	<b>-74.2%</b>
<b>Net Change in Fund Balance</b>	<b>730</b>	<b>(530,919)</b>	<b>(465,020)</b>	<b>(161,100)</b>	<b>-69.7%</b>
<b>Beginning Fund Balance</b>	<b>807,573</b>	<b>808,303</b>	<b>808,303</b>	<b>343,283</b>	<b>-57.5%</b>
<b>Ending Fund Balance</b>	<b>\$ 808,303</b>	<b>\$ 277,384</b>	<b>\$ 343,283</b>	<b>\$ 182,183</b>	<b>-34.3%</b>

SPECIAL REVENUE GRANT FUND - PROPOSED EXPENSES AND REVENUES  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>REVENUES:</b>					
Interest Earned	\$ 219	\$ -	\$ -	\$ -	0.0%
Federal Grants	160,843	149,896	410,585	5,040	-96.6%
State Grants	238,693	517,705	309,560	48,354	-90.7%
County Grants	2,300	1,840	1,840	-	-100.0%
Program Income	15,018	-	293	-	0.0%
Other Contributions & Revenues	8,000	-	84	-	0.0%
<b>Total Revenues</b>	<b>425,073</b>	<b>669,441</b>	<b>722,362</b>	<b>53,394</b>	<b>-92.0%</b>
<b>EXPENDITURES:</b>					
Salary and Wages	143,873	332,101	262,166	37,794	-88.6%
Benefits	13,065	58,689	25,256	11,825	-79.9%
Overtime	71,608	137,241	137,068	4,500	-96.7%
<b>Personnel Subtotal</b>	<b>228,546</b>	<b>528,031</b>	<b>424,490</b>	<b>54,119</b>	<b>-89.8%</b>
Contractual Services	108,451	146,609	95,077	-	-100.0%
Operating Expenditures	38,755	6,189	9,015	-	-100.0%
Capital Outlay	125,590	52,334	220,232	-	-100.0%
Other General Expenses	23,916	5,809	5,809	-	-100.0%
<b>Operating Subtotal</b>	<b>296,712</b>	<b>210,941</b>	<b>330,133</b>	<b>-</b>	<b>-100.0%</b>
<b>TOTAL EXPENDITURES</b>	<b>525,258</b>	<b>738,972</b>	<b>754,623</b>	<b>54,119</b>	<b>-92.7%</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from General Fund	37,752	67,242	46,545	-	-100.0%
<b>Total Other Financing Sources</b>	<b>37,752</b>	<b>67,242</b>	<b>46,545</b>	<b>-</b>	<b>-100.0%</b>
<b>Net Change in Fund Balance</b>	<b>(62,433)</b>	<b>(2,289)</b>	<b>14,284</b>	<b>(725)</b>	<b>-68.3%</b>
<b>Beginning Fund Balance</b>	<b>70,755</b>	<b>8,322</b>	<b>8,322</b>	<b>22,606</b>	<b>171.6%</b>
<b>Ending Fund Balance</b>	<b>\$ 8,322</b>	<b>\$ 6,033</b>	<b>\$ 22,606</b>	<b>\$ 21,881</b>	<b>262.7%</b>

Activity in this fund is dependent on grants that we receive. The following grants have been included for next year:

		2014/15	
		PROPOSED	
<b>Police Department</b>	COPS Technology	1,265	
	FY14 MHSO Traffic Safety Grant	4,500	
	FY14 Safe Streets	48,354	\$ 54,119
	<b>Total Grant Revenues</b>		<b>\$ 54,119</b>

**SERVICE AND TRUST FUNDS  
SECTION 6**

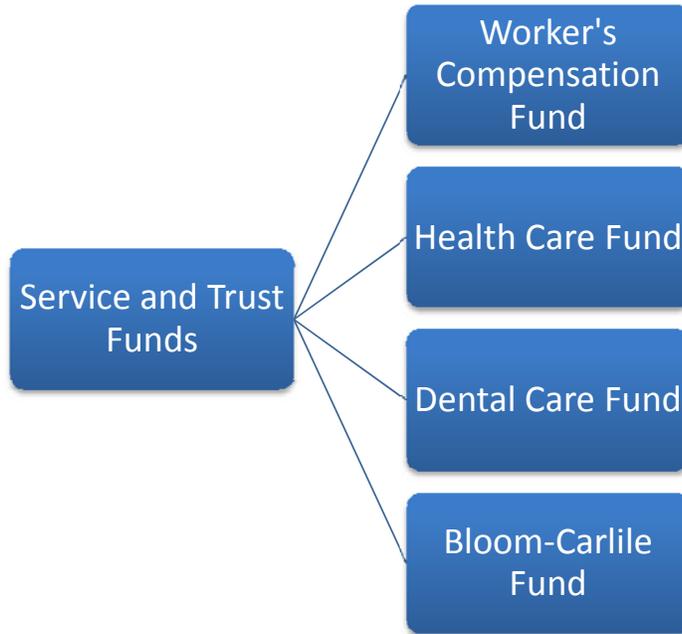
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SERVICE & TRUST FUND - COMBINING STATEMENT  
FISCAL YEAR 2014/2015

ACCOUNT DESCRIPTION	WORKERS COMPENSATION	HEALTH CARE	DENTAL CARE	BLOOM- CARLILE	TOTAL
<b>OPERATING REVENUES</b>					
Premium Revenues	\$ 1,350,000	\$ 7,234,842	\$ 395,431	\$ -	\$ 8,980,273
Prescription Rebates	-	90,000	-	-	90,000
Stop Loss Reimbursements	-	16,000	-	-	16,000
Miscellaneous Revenues	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,350,000</b>	<b>7,340,842</b>	<b>395,431</b>	<b>-</b>	<b>9,086,273</b>
<b>OPERATING EXPENSES</b>					
Premium Expense, Medical Loss					
Reimbursements, & Collateralization Fees	1,350,000	6,832,654	394,038	-	8,576,692
Other Post Employment Benefits	-	650,000	-	-	650,000
Legal Fees, Claims Administration &			5,000		
Injury and Damage Awards	-	75,000	-	-	75,000
Health Savings Acct Contributions	-	19,500	-	-	19,500
Audit Fees	613	613	614	-	1,840
Community Assistance Expenditures	-	-	-	50	50
<b>Total Operating Expenses</b>	<b>1,350,613</b>	<b>7,577,767</b>	<b>399,652</b>	<b>50</b>	<b>9,323,082</b>
<b>Operating Income (Loss)</b>	<b>(613)</b>	<b>(236,925)</b>	<b>(4,221)</b>	<b>(50)</b>	<b>(236,809)</b>
<b>NON OPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	1,255	3,000	400	50	4,705
<b>Total Other Income (Expense)</b>	<b>1,255</b>	<b>3,000</b>	<b>400</b>	<b>50</b>	<b>4,705</b>
<b>Net Income before Operating Transfers</b>	<b>642</b>	<b>(233,925)</b>	<b>(3,821)</b>	<b>-</b>	<b>(232,104)</b>
Transfers out - General Fund	-	(55,000)	-	-	(55,000)
<b>Increase (Decrease) in Retained Earnings</b>	<b>\$ 642</b>	<b>\$ (288,925)</b>	<b>\$ (3,821)</b>	<b>\$ -</b>	<b>\$ (287,104)</b>
<b>Beginning Fund Balance</b>	<b>486,745</b>	<b>2,126,772</b>	<b>49,090</b>	<b>136,822</b>	<b>2,799,429</b>
<b>Ending Fund Balance</b>	<b>\$ 487,387</b>	<b>\$ 1,837,847</b>	<b>\$ 45,269</b>	<b>\$ 136,822</b>	<b>\$ 2,512,325</b>



**WORKERS COMPENSATION FUND OVERVIEW**

The Worker's Compensation fund was created in 1995 to help smooth potential large fluctuations in the City's worker's compensation cost that might occur under a large deductive insurance program the City used from September 1, 1995 through 1998. Since September 1, 1998 the City has been using a traditional 100% coverage insurance program. The fund serves as a conduit to collect premium charges based on each department's payroll. These "revenues" then are used to pay actual medical claims costs, processing fees and premium of the insurance carrier.

**HEALTH CARE FUND OVERVIEW**

The Health Care fund was created in 2000 to manage the City's new self-insurance program for health care. Under this self-funded plan, the City pays a standard monthly administrative fee for each covered member and accepts claims risk up to a specific stop loss for each individual covered. Plan changes may occur during collective bargaining negotiations for future periods. In addition, there is a second level of insurance called the aggregate stop loss which assures that the City does not pay more than the maximum projected expenses. Administratively, all City departments are billed pre-established internal "insurance" rates for their department's employees, retirees and dependents. These billings represent funding sources for the Health Care Fund from which all health care related administrative and medical reimbursement costs are paid.

**DENTAL CARE FUND OVERVIEW**

The Dental Care fund was created in 2006 to manage the City's new self-insurance program for dental care. Under this self-funded plan, the City pays a standard monthly administrative fee for each covered member and processes claims up to a current \$2,000 limit for each individual covered. Plan changes may occur during collective bargaining negotiations for future periods. Administratively, all City departments are billed pre-established internal "insurance" rates for their department's employees, retirees and dependents. These billings represent funding sources for the Dental Care fund from which all dental care related administrative and medical reimbursement costs are paid.

**BLOOM-CARLILE TRUST FUND OVERVIEW**

The Bloom-Carlile Trust fund was established to segregate funds received from the estates of S. Martin Bloom, Annie Fill Carlile and others from the general accounts of the City. The donors' intent was to establish a permanent endowment fund. The income earned on investment of the fund is being used to provide assistance to the poor and needy of Hagerstown.

The Washington County Community Action Council has been administering disbursement of these funds on a no-cost basis for the City since 1983. All funds are disbursed based on an agreed upon operating policy and are reviewed by the Clerk's Office for compliance with the program guidelines.

WORKERS COMPENSATION FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Premium Expense	\$ 1,090,483	\$ 948,643	\$ 990,620	\$ 1,350,000	42.3%
Medical Loss Reimbursements	-	-	-	-	0.0%
Claims Reserves Expense	-	-	-	-	0.0%
Collateralization Fees	75	200	-	-	-100.0%
Audit Fees	343	613	350	613	0.0%
Transfers to General Fund	250,000	250,000	250,000	-	-100.0%
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,340,901</b>	<b>\$ 1,199,456</b>	<b>\$ 1,240,970</b>	<b>\$ 1,350,613</b>	<b>12.6%</b>
<b>REVENUES BY TYPE</b>					
Premium Revenues	993,402	1,050,192	990,620	1,350,000	28.5%
Interest Income from Investments	1,227	3,070	1,255	1,255	-59.1%
Miscellaneous Revenues	-	-	-	-	0.0%
<b>Total Revenues</b>	<b>\$ 994,629</b>	<b>\$ 1,053,262</b>	<b>\$ 991,875</b>	<b>\$ 1,351,255</b>	<b>28.3%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 346,272</b>	<b>\$ 146,194</b>	<b>\$ 249,095</b>	<b>\$ (642)</b>	<b>-100.4%</b>
Beginning Fund Balance	1,082,112	735,840	735,840	486,745	-33.9%
<b>Ending Fund Balance</b>	<b>\$ 735,840</b>	<b>\$ 589,646</b>	<b>\$ 486,745</b>	<b>\$ 487,387</b>	<b>-17.3%</b>

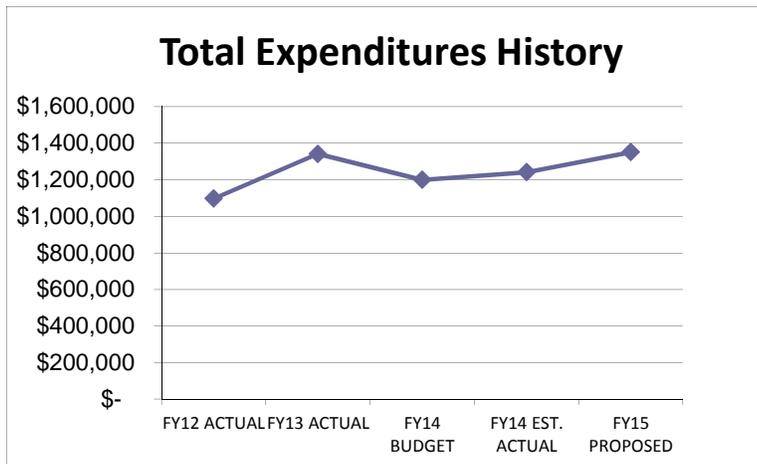
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Expenditures for the revised budget FY14 and estimated actual for FY14 increased by approximately 3% or \$41,516 as a result of higher premium expenses. In addition, the revenue decreased by 6% or \$61,837 due to less premium revenue for the General Fund and Water Fund than originally projected.

FY14 to Proposed FY15

Expenditures for FY15 will increase by 13% or \$151,157 because of the rising cost of insurance. Current estimates are higher than the \$1.35M in our FY15 budget. The City anticipates the premiums can be reduced to this amount with our discounts. Due to the proposed increase in the premiums, revenue across the City is expected to increase by 28% or \$297,993.



HEALTH CARE FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Medical Loss Reimbursements	\$ 5,592,893	\$ 5,927,040	\$ 5,230,649	\$ 6,175,483	4.2%
Administrative Expenses	342,081	350,000	395,500	407,172	16.3%
Premium Expense	205,385	257,000	229,752	249,999	-2.7%
Health Savings Acct Contributions	19,230	18,000	19,500	19,500	8.3%
Claims Reserve Expense	803,179	74,000	75,000	75,000	1.4%
Other Post Employment Benefits	650,000	650,000	650,000	650,000	0.0%
Audit Fees	343	613	350	613	0.0%
Transfers to General Fund	25,000	55,000	35,000	55,000	0%
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 7,638,111</b>	<b>\$ 7,331,653</b>	<b>\$ 6,635,751</b>	<b>\$ 7,632,767</b>	<b>4.1%</b>
<b>REVENUES BY TYPE</b>					
Premium Revenues-City	4,705,182	5,880,282	5,376,333	5,836,042	-0.8%
Premium Revenues-Employees	1,123,442	1,241,513	1,155,422	1,158,300	-6.7%
Premium Revenues-Retirees	219,715	240,250	240,500	240,500	0.1%
Stop Loss Reimbursement	76,146	16,000	5,000	16,000	0.0%
Prescription Rebates	64,239	73,000	73,020	90,000	23.3%
Interest from Investments	3,969	12,000	3,000	3,000	-75.0%
Miscellaneous Revenue	-	1,000	-	-	-100.0%
<b>Total Revenues</b>	<b>\$ 6,192,693</b>	<b>\$ 7,464,045</b>	<b>\$ 6,853,275</b>	<b>\$ 7,343,842</b>	<b>-1.6%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 1,445,419</b>	<b>\$ (132,392)</b>	<b>\$ (217,524)</b>	<b>\$ 288,925</b>	<b>-318.2%</b>
Beginning Fund Balance	3,354,667	1,909,248	1,909,248	2,126,772	11.4%
<b>Ending Fund Balance</b>	<b>\$ 1,909,248</b>	<b>\$ 2,041,640</b>	<b>\$ 2,126,772</b>	<b>\$ 1,837,847</b>	<b>-10.0%</b>

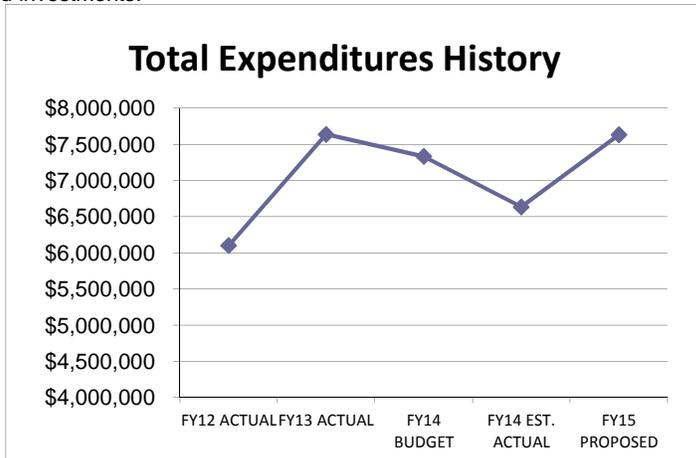
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

As a result of a decrease in medical expense claims estimated to be paid in FY14, expenditures are projected to be approximately 10% less or \$695,902 than originally included in the budget. Likewise, the premium revenues charged and paid by the City is expected to decrease total revenues by 8.91% or \$610,770.

FY14 to Proposed FY15

As a result of the anticipated increase in medical expense claims and administrative expenses for FY15 and historical data provided by our consultant CBIZ, the expenditures for proposed FY15 are projected to be 4% higher or \$301,114. As a result of the decreased premium revenue, the revenues charged across all City funds for FY15 will decrease by approximately 2% or \$120,203. Also, interest from investments continue to be low due to the current economic market for Certificate of Deposits (CDs) and other City held investments.



DENTAL CARE FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Medical Expense Reimbursement	\$ 348,113	\$ 320,000	\$ 345,000	\$ 370,000	15.6%
Administrative Expenses	41,915	35,000	21,426	24,038	-31.3%
Claims Reserve Expense	15,858	-	5,000	5,000	100.0%
Audit Fees	344	614	350	614	0.0%
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 406,231</b>	<b>\$ 355,614</b>	<b>\$ 371,776</b>	<b>\$ 399,652</b>	<b>12.4%</b>
<b>REVENUES BY TYPE</b>					
Premium Revenues-City	180,265	187,411	181,788	189,485	1.1%
Premium Revenues-Employees	143,728	151,598	146,455	144,104	-4.9%
Premium Revenues-Retirees	57,702	59,750	59,750	61,842	3.5%
Interest from Investments	106	400	400	400	0.0%
<b>Total Revenues</b>	<b>\$ 381,801</b>	<b>\$ 399,159</b>	<b>\$ 388,393</b>	<b>\$ 395,831</b>	<b>-0.8%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ 24,430</b>	<b>\$ (43,545)</b>	<b>\$ (16,617)</b>	<b>\$ 3,821</b>	<b>-108.8%</b>
Beginning Fund Balance	56,903	32,473	32,473	49,090	51.2%
<b>Ending Fund Balance</b>	<b>\$ 32,473</b>	<b>\$ 76,018</b>	<b>\$ 49,090</b>	<b>\$ 45,269</b>	<b>-40.4%</b>

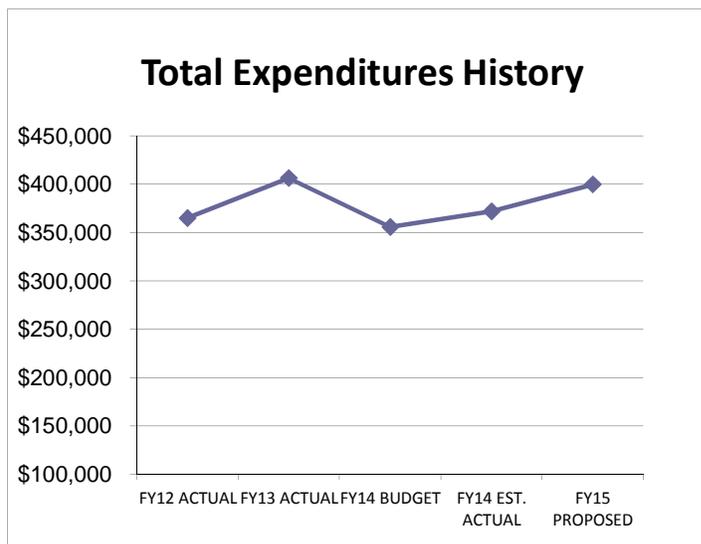
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual FY14

Expenditures for revised budget FY14 compared to estimated actual FY14 have increased by 4.5% or \$16,162 with revenue decreasing by 2.7% or \$10,766 as a result of less City and employee premium revenues.

FY14 to Proposed FY15

As a result of the anticipated increase in dental claims for FY15 and historical data provided by our consultant CBIZ, the expenditures for proposed FY15 are expected to increase by 12.4% or \$44,138. Also, the revenues are expected to decrease by 0.8% or \$3,328.



BLOOM-CARLILE TRUST FUND - PROGRAM FINANCIAL SUMMARY  
FISCAL YEAR 2014/2015

**EXPENDITURE AND REVENUE SUMMARY**

	2012/13	2013/14		2014/15	2014/15
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
<b>EXPENDITURES BY TYPE</b>					
Medical	\$ -	\$ -	\$ -	\$ -	0.0%
Utilities	720	-	-	-	0.0%
Audit Fees	2,575	4,601	-	-	-100.0%
Community Action Council Award	-	4,800	4,800	50	-99.0%
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 3,295</b>	<b>\$ 9,401</b>	<b>\$ 4,800</b>	<b>\$ 50</b>	<b>-99.5%</b>
<b>REVENUES BY TYPE</b>					
Utility Benefit Concert Revenue	11,619	-	-	-	0.0%
Interest Earned	107	100	50	50	-50.0%
<b>Total Revenues</b>	<b>\$ 11,726</b>	<b>\$ 100</b>	<b>\$ 50</b>	<b>\$ 50</b>	<b>-50.0%</b>
<b>Expenditures, net of Revenues</b>	<b>\$ (8,431)</b>	<b>\$ 9,301</b>	<b>\$ 4,750</b>	<b>\$ -</b>	<b>-100.0%</b>
Less: Budgeted Use of Fund Balance	-	-	-	-	0.0%
Beginning Fund Balance	133,141	141,572	141,572	136,822	-3.4%
<b>Ending Fund Balance</b>	<b>\$ 141,572</b>	<b>\$ 132,271</b>	<b>\$ 136,822</b>	<b>\$ 136,822</b>	<b>3.4%</b>

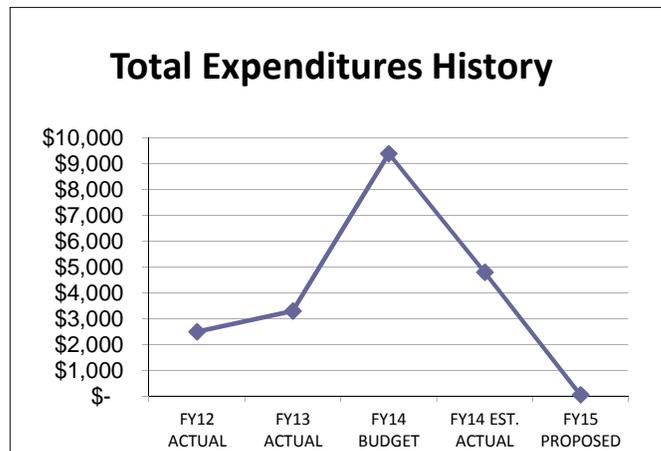
**BUDGET HIGHLIGHTS AND SIGNIFICANT CHANGES**

Adopted FY14 to Estimated Actual 14

It is anticipated that we will need to appropriate \$4,750 from accumulated prior years earnings to cover the shortfall between FY14 interest earnings. This shortfall is a result of the amount pledged to the Community Action Council with the change made to this program to assist the poor and needy of Hagerstown during this economic slump. Finance will continue to monitor this fund to ensure that a long-term balance is maintained between interest earnings and total expenditures.

Adopted FY14 to Proposed FY15

For several years, the City appropriated prior years earnings to provide funding in excess of earned interest. This was done to assist the poor and needy of Hagerstown in economic slumps when the need was the greatest. In addition, interest rates have continued to remain flat due to the national economy which led to even less interest revenue being generated. For FY15, the City will follow the guidelines originally established for the trust to fund the program administered by the Community Action Council (CAC) by pledging the earned interest only. However, it is the goal of the City to continue to collaborate with CAC to develop future goals for this program.



**FINANCIAL PROJECTIONS  
SECTION 7**

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ALL FUNDS PROJECTIONS  
FISCAL YEAR 2015/2019  
INTRODUCTION

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This Section provides revenue, expenditure and capital outlay projections for the General Fund and City Utilities, as well as the City's Parking, Golf Course, Property Management, Health Insurance and Dental Insurance Funds. These projections have been prepared to assist the Mayor and Council, City staff and citizens in:

- Strategically planning for the future by using the FY2014/15 Proposed Budget as a baseline.
- Maintaining a broader view of the impact of the current budget process, fiscal policies, service levels, and Capital Improvement Plans.
- Enabling us to forecast the possible results of our current business plans and decisions to become more proactive in financial management and planning efforts.
- Reviewing and analyzing the impact of expected fiscal and economic trends on the City's financial condition.
- Reviewing the sufficiency of projected revenues in meeting projected expenditures.
- Analyzing the financial impact and affordability of the capital improvement programs.
- Reviewing the timing and amounts of needed debt financing and its fiscal impact.
- Determining the timing and magnitude of required revenue rate adjustments.

The projections are based on information available to staff as of March 14, 2014. Although every effort has been made to be realistic in developing these projections, it is important to note that revenues and expenditures rarely proceed in a totally predictable manner. These projections can, however, provide an important tool for the City's long-term financial planning.

- Percentages of projected changes are indicated in the seventh column. Items without a percentage have been individually projected by year. An "S" indicates that there is a supporting schedule with more detail.
- The interest income rate is projected to be flat for FY2014/15 and remain flat in future years as a result of the national economy and the low interest rates available on our current investments.
- The Wage & Benefits projections assume that employees will receive a 2.0% Cost of Living Adjustment (COLA) and a step increase in FY2014/15. Additionally, the projections include the continuation of combined salary enhancements annually through FY2018/19. The projection includes savings associated with unfunded vacant positions; and, beginning in FY2016/17, funding is included for the restoration of one unfunded vacant position annually and the restoration of two unfunded vacant positions in FY2018/19 in the General Fund. Approved union contract provisions are included in these projections.
- The overall average projected increase in employee benefits is 3.8% - 7.5% primarily due to expected increases over the next several years in the City's Worker's Compensation, Health, Dental and Retirement Program costs.
- Debt service includes current commitments to repay principal and interest on governmental obligations, as well as, projected debt requirements identified in the capital improvement plan. Future debt costs are based on a 1.75% - 4.75% interest rate over a 20, 25, or 30 year term and includes both City issued bonds and MDE issued bonds/loans.
- Starting in 2008/09 we have noted the current estimated fiscal impact of a new governmental accounting and reporting rule that will require all local and state governments to recognize the cost of Other Post Employment Benefits (OPEB or retiree health and dental insurance benefits) as they are earned (as we must do for our pension system) rather than on the current "pay-as-you-go" basis. The City is fully funding the annual required contribution (ARC) under OPEB.
- In June 2012, GASB issued Statement No. 68 Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), which requires an employers' unfunded actuarial pension liability to be recorded on the financials. This statement will become effective and will be reflected in the City's financials statements in FY2014/15 and is expected to have a material effect on the combined statements of the City.

GENERAL FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- In Fiscal Year 2014/15, the property tax rate is proposed to increase by \$0.11 from current FY2013/14 level of \$0.788 per \$100 of assessed value to \$0.898 per \$100 of assessed value. The proposed increase in tax rate is a reflection of declining reassessed property values within the City of 7.8% received in December 2013 (see Section 3 page 8 for details). In addition, the proposed tax rate is a result of rising employee payroll costs (including benefits like health insurance, dental insurance, workers compensation, pension contributions) and maintenance contracts and repairs. For future years, the projections include slight growth in property tax revenue in FY2015/16 and FY2016/17 based on overall trends experienced after the December 2010 11.2% decrease in assessable base.
- Due to several contributing factors, new and / or increased revenue sources are needed beginning in FY2015/16. The primary factors that impact the projections for FY2015/16 include:
  - Funding equipment and Capital Improvement Program with annual operating revenue
  - Minimal growth anticipated in existing City revenue sources
  - Preliminary projection of 4.9% increase for all salary and related benefits costs
  - Increasing annual debt service requirements to fund priority projects
  - Preliminary overall inflation factors on insurance, supplies, and maintenance contracts
- A municipality has the authority to implement a Stormwater management fee. A study would need to be performed to establish the fee and rate structures. At this time, our projections do not include any revenue from a Stormwater management fee. Due to legislative mandates, the CIP budget does include project expenditures over the next five years and beyond. With no new revenue source anticipated, the funding for these specific projects will be funded with general fund supported debt and is included in the annual debt service requirements in the projections.
- In general, total revenue growth (excluding the “NEEDED REVENUE SOURCE” amount) is projected to be relatively flat and increase only modestly from 0.7% in FY2015/16 to 2.1% in FY2018/19. The Safe Speed for Students Program (an automated speed camera program) which started in phases April 2012, diversified our revenue to a limited extent but we are still very dependent on property tax revenue. This revenue is included in Fines and Forfeitures and is used to support public safety activities.
- From FY2013/14 to FY2014/15, the overall City portion of State & County Shared Taxes is expected to grow by only 0.2%. It is projected for overall annual growth to range from 1.4%-1.6% through FY2018/19. The projections include modest continued growth in income tax, admission and amusement tax, and hotel/motel room tax. This reflects the current state of the economy and hopefully the continuation of a modest recovery.
- The State Highway User revenues reflected a 90% cut by the state in FY 2009/2010. Beginning in FY2012/13, 100% of Highway User Revenues was transferred from the General Fund to the Capital Improvement Project to primarily support the City's Pavement Preservation Program, See Section 9.
- The County Tax Rebate was terminated by the County after the 2009/10 fiscal year. It was replaced by a County Tax Rate differential provided directly to City property owners beginning in 2010/11. The County rate in the City is currently \$0.125 cents per \$100 assessed value less than the outside City rate and is estimated to stay the same for 2014/15 and future years.
- Most operating grants revenues and related expenditures are separately reflected in the Special Revenue Grants Fund except two federal COPS Hiring Grants (2012 and 2013) secured by the Hagerstown Police Department. The 2012 COPS Hiring grant will reimburse a portion of five (5) sworn officers' salaries over a span of three (3) years with a commitment from the City to continue to pay those positions at 100% for an additional one (1) year thereafter. Likewise, the 2013 COPS Hiring grant will reimburse a portion of five (5) sworn officers' salaries over a span of three (3) years with a commitment from the City to continue to pay those positions at 100% for an additional one (1) year thereafter. Both of the COPS Hiring Grants have a declining federal reimbursement percentage annually which is reflected in the decreasing amounts in the projections beginning in FY2015/16 through FY2018/19.
- Wage & Benefit projections include four collective bargaining union contracts and non-union employees. The Wage & Benefits projections assume that employees will receive a 2% Cost of Living Adjustment (COLA) and a step increase in FY2014/15. Additionally, the projections include the continuation of combined salary enhancements annually through FY2018/19. The projection includes savings associated with unfunded vacant positions; and, beginning in FY2016/17, funding is included for the restoration of one unfunded vacant position annually and the restoration of two unfunded vacant positions in FY2018/19. Approved union contract provisions are included in these projections.
- The overall average projected increase in employee benefits is 3.8% - 7.5% primarily due to expected increases over the next several years in the City's Pension Contributions, Worker's Compensation rates, and Health and Dental Program costs.
- The remaining other expenditure categories are projected to increase based on a combination of historic trends and inflation factors.

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET					
<b>REVENUES</b>										
Property Taxes	\$ 21,371	\$ 22,512	\$ 21,752	\$ 22,062	\$ 23,230	S	\$ 23,806	\$ 24,396	\$ 25,003	\$ 25,625
Payments in Lieu of Taxes	2,706	2,716	2,722	2,719	2,722	S	2,744	2,766	2,788	2,810
<b>Total property taxes</b>	<b>24,077</b>	<b>25,228</b>	<b>24,474</b>	<b>24,781</b>	<b>25,952</b>		<b>26,549</b>	<b>27,162</b>	<b>27,791</b>	<b>28,435</b>
	-10.5%	4.8%	-3.0%	-1.8%	6.0%		2.3%	2.3%	2.3%	2.3%
Income Tax	2,272	2,305	2,265	2,305	2,305	2.0%	2,351	2,398	2,446	2,495
Highway User Revenues	79	-	-	-	-		-	-	-	-
Police / Fire Protection	571	573	803	792	793	0.5%	797	801	805	809
Admission Tax	202	206	200	200	200	2.0%	204	208	212	216
Financial Corporations	34	34	34	34	34		34	34	34	34
Room Tax - Tourism Promotion	164	166	172	165	165	2.5%	169	173	178	182
Enterprise Zone Tax Credits	111	102	102	87	87		87	87	80	70
<b>Total State &amp; County Shared Taxes</b>	<b>3,433</b>	<b>3,386</b>	<b>3,576</b>	<b>3,583</b>	<b>3,584</b>		<b>3,642</b>	<b>3,702</b>	<b>3,755</b>	<b>3,807</b>
	4.3%	-1.4%	5.6%	5.8%	0.2%		1.6%	1.6%	1.4%	1.4%
<b>Total Tax &amp; Shared Revenues</b>	<b>27,510</b>	<b>28,614</b>	<b>28,050</b>	<b>28,364</b>	<b>29,536</b>		<b>30,192</b>	<b>30,864</b>	<b>31,546</b>	<b>32,242</b>
	-8.9%	4.0%	-2.0%	-0.9%	5.3%		2.2%	2.2%	2.2%	2.2%
Grants	237	242	540	479	504	S	474	330	213	213
Admin Allocation	2,031	2,031	2,107	2,031	2,031	2.5%	2,082	2,134	2,187	2,242
Refuse Service Fees	2,298	2,479	2,264	2,244	2,264	2.5%	2,321	2,379	2,438	2,499
Other Service Charges & Rental Income	908	887	880	781	817	2.0%	833	850	867	884
Residential Rental Licenses	391	410	425	426	430	1.0%	434	439	443	447
Cable TV Franchise	392	408	390	408	408	2.0%	416	424	433	442
Other Licenses & Permits	941	727	768	774	788	1.0%	796	804	812	820
Interest	57	30	35	30	35	3.0%	36	37	38	39
Safe Speed for School Fines	291	1,560	1,557	1,700	1,800		1,600	1,600	1,500	1,500
Other Fines & Forfeitures	107	100	96	95	100	3.0%	103	106	109	113
Loan Proceeds	600	-	-	-	-		-	-	-	-
Other Revenues	441	783	777	858	526	S	225	225	225	225
<b>NEEDED REVENUE SOURCE*</b>	-	-	-	-	-		<b>3,536</b>	<b>4,027</b>	<b>4,730</b>	<b>5,997</b>
<b>Total Other Revenues</b>	<b>8,694</b>	<b>9,657</b>	<b>9,839</b>	<b>9,826</b>	<b>9,703</b>		<b>12,856</b>	<b>13,355</b>	<b>13,996</b>	<b>15,421</b>
<b>Total Revenues</b>	<b>36,204</b>	<b>38,271</b>	<b>37,889</b>	<b>38,190</b>	<b>39,239</b>		<b>43,048</b>	<b>44,219</b>	<b>45,542</b>	<b>47,663</b>
% Revenue Growth	-3.2%	5.7%	-1.0%	-0.2%	3.6%		9.7%	2.7%	3.0%	4.7%
Appropriated Fund Balance to Econ Redevelopment: Invest Hagerstov	-	-	-	15	235		-	-	-	-
Appropriated Fund Balance to CIP Fund: Capital Expenditures	-	-	-	-	589		-	-	-	-
<b>Total Other Funding Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>824</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Funding Sources</b>	<b>\$ 36,204</b>	<b>\$ 38,271</b>	<b>\$ 37,889</b>	<b>\$ 38,205</b>	<b>\$ 40,063</b>		<b>\$ 43,048</b>	<b>\$ 44,219</b>	<b>\$ 45,542</b>	<b>\$ 47,663</b>

\*FY16 projections currently estimate additional \$3.5M in changes needed. This \$3.5M reflects funding equipment and CIP transfers with annual operations, very minimal growth in current revenue sources, an overall preliminary estimate of 4.9% increase for all payroll related growing annual debt service to fund priority projects, and cover overall inflation factors on items such as insurance, supplies, and maintenance contracts.

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET						
<b>EXPENDITURES</b>											
Personal Services	\$ 16,991	\$ 17,005	\$ 16,979	\$ 17,534	\$ 17,601	S	\$ 18,682	\$ 19,336	\$ 19,887	\$ 20,619	
Employee Contingency	-	-	400	-	429		-	-	-	-	
Fringe Benefits -											
Active Employees	6,499	6,239	6,915	6,805	7,741	S	8,358	8,689	9,003	9,361	
Retirees	1,099	1,154	1,210	1,214	1,308	S	1,372	1,440	1,511	1,585	
<b>Total Wages &amp; Benefits</b>	<b>24,589</b>	<b>24,398</b>	<b>25,504</b>	<b>25,553</b>	<b>27,079</b>		<b>28,412</b>	<b>29,464</b>	<b>30,400</b>	<b>31,565</b>	
	0.2%	-0.8%	4.5%	4.7%	6.2%		4.9%	3.7%	3.2%	3.8%	
Contracted Services	3,459	4,023	4,183	4,329	4,353	S	4,437	4,536	4,636	4,738	
Advertising & Printing	239	284	239	277	286	2.0%	292	298	304	310	
Rentals	116	110	91	92	93		95	95	95	95	
Maintenance & Repairs	617	605	647	657	734		735	735	740	745	
Vehicle Expenses	895	944	858	908	914	3.0%	941	970	999	1,029	
Materials, Supplies & Utilities	1,886	1,943	2,129	2,108	2,074	3.0%	2,136	2,200	2,266	2,334	
Professional Development	56	129	161	129	114		120	125	130	145	
Communication	247	298	279	178	182		250	250	252	254	
Wage & Overhead Allocation	(912)	(947)	(916)	(943)	(983)		(1,031)	(1,070)	(1,104)	(1,146)	
Other General Expenditures	656	678	547	548	734		739	744	749	754	
Insurance	26	250	235	273	267	5.0%	280	294	309	325	
Unallocated Gen'l Expenditures	592	640	614	675	808		810	812	814	816	
Capital Outlay - Non-CIP	659	89	130	184	169		184	199	214	200	
Capital Outlay - Transfers to CIP	337	1,103	688	819	215		2,015	1,570	1,357	1,934	
Fund Balance Trans for CIP	-	-	-	-	589		-	-	-	-	
Fund Balance Trans for Invest Haç	-	-	-	15	235		-	-	-	-	
Debt Service	2,462	2,032	2,181	1,922	1,999	S	2,251	2,602	2,947	3,133	
Transfers Out	528	510	367	405	200	S	382	394	433	433	
<b>Total Expenditures</b>	<b>36,452</b>	<b>37,089</b>	<b>37,937</b>	<b>38,129</b>	<b>40,062</b>		<b>43,048</b>	<b>44,218</b>	<b>45,541</b>	<b>47,663</b>	
<i>% Expenditures Growth</i>	-2.0%	1.7%	2.3%	2.8%	5.6%		7.5%	2.7%	3.0%	4.7%	
<b>Surplus / (Deficit)</b>	<b>\$ (248)</b>	<b>\$ 1,182</b>	<b>\$ (48)</b>	<b>\$ 76</b>	<b>\$ 1</b>		<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>Real Estate Tax Rates</b>	<b>\$ 0.788</b>	<b>\$ 0.788</b>	<b>\$ 0.788</b>	<b>\$ 0.788</b>	<b>\$ 0.898</b>		<b>\$ 0.898</b>	<b>\$ 0.898</b>	<b>\$ 0.898</b>	<b>\$ 0.898</b>	
<b>Change in Tax Rates</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.110</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Each penny on the real estate tax rate generates additional revenue of</b>	<b>\$ 247</b>	<b>\$ 257</b>	<b>\$ 251</b>	<b>\$ 254</b>	<b>\$ 234</b>		<b>\$ 240</b>	<b>\$ 247</b>	<b>\$ 253</b>	<b>\$ 260</b>	
<b>Personal Property Tax Rates</b>	<b>\$ 1.970</b>	<b>\$ 1.970</b>	<b>\$ 1.970</b>	<b>\$ 1.970</b>	<b>\$ 2.245</b>		<b>\$ 2.245</b>	<b>\$ 2.245</b>	<b>\$ 2.245</b>	<b>\$ 2.245</b>	
<b>Change in Tax Rates</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.275</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Each penny on the personal property tax rate generates additional revenue of</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 11</b>	<b>\$ 11</b>	<b>\$ 11</b>		<b>\$ 11</b>	<b>\$ 11</b>	<b>\$ 11</b>	<b>\$ 11</b>	

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
PROPERTY TAXES  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG% *				
<b>Real Estate - Full Year Levy</b>	<b>\$ 19,824</b>	<b>\$ 20,228</b>	<b>\$ 20,060</b>	<b>\$ 20,430</b>	<b>\$ 21,307</b>		<b>\$ 21,838</b>	<b>\$ 22,395</b>	<b>\$ 22,947</b>	<b>\$ 23,473</b>
<b>% Increase</b>	<b>-19.4%</b>	<b>2.0%</b>	<b>-0.8%</b>	<b>1.0%</b>	<b>6.2%</b>		<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.3%</b>
Personal Property - UnInc	27	44	30	44	30	0.5%	30	30	30	31
Personal Property - Corp	2,006	2,393	2,100	2,196	2,350	0.5%	2,362	2,374	2,385	2,397
Tax Refunds	-	-	(49)	-	-		-	-	-	-
Homestead Tax Credit	(128)	(146)	(100)	(146)	(130)		(100)	(80)	(80)	(80)
Incentive Tax Credit Program	(226)	(204)	(240)	(204)	(200)		(200)	(200)	(180)	(130)
Residential Rehab Tax Cr Program	(2)	(2)	(3)	(2)	(2)	0.5%	(2)	(2)	(2)	(2)
Tax Exemption - Real Estate	(115)	(97)	(138)	(351)	(140)		(140)	(140)	(120)	(88)
<b>Total Current Year's Levy</b>	<b>21,386</b>	<b>22,216</b>	<b>21,660</b>	<b>21,967</b>	<b>23,215</b>		<b>23,788</b>	<b>24,377</b>	<b>24,981</b>	<b>25,601</b>
Reserve for Uncollect Taxes	(72)	150	(100)	-	(80)		(80)	(80)	(80)	(80)
<b>Total Adj - Prior Yrs Levies</b>	<b>(72)</b>	<b>150</b>	<b>(100)</b>	<b>-</b>	<b>(80)</b>		<b>(80)</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>
Current Years Levy	84	170	222	125	125		128	131	135	138
<b>Total Interest on Delinq Tax</b>	<b>84</b>	<b>170</b>	<b>222</b>	<b>125</b>	<b>125</b>		<b>128</b>	<b>131</b>	<b>135</b>	<b>138</b>
Tax Discounts/Allows - C/Yr	(27)	(24)	(30)	(30)	(30)		(31)	(32)	(32)	(33)
<b>Total Tax Discounts/Allows</b>	<b>(27)</b>	<b>(24)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>		<b>(31)</b>	<b>(32)</b>	<b>(32)</b>	<b>(33)</b>
<b>Total Property Taxes</b>	<b>21,371</b>	<b>22,512</b>	<b>21,752</b>	<b>22,062</b>	<b>23,230</b>		<b>23,806</b>	<b>24,396</b>	<b>25,003</b>	<b>25,625</b>
<b>% Increase</b>	<b>-11.8%</b>	<b>5.3%</b>	<b>-3.4%</b>	<b>-2.0%</b>	<b>6.8%</b>		<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>
Hag Housing Authority	81	85	87	85	87	0.8%	88	88	89	90
Bethel Gardens	10	10	12	10	10	0.8%	10	10	10	10
Liberty Property	67	68	70	70	70	0.8%	71	71	72	72
CW Brooks Mid-Rise	-	6	6	7	7	0.8%	7	7	7	7
Electric Fund	532	532	532	532	532	0.8%	536	541	545	549
Water Fund	660	660	660	660	660	0.8%	665	671	676	681
Wastewater Fund	1,298	1,298	1,298	1,298	1,298	0.8%	1,308	1,319	1,329	1,340
Property Management Fund	58	57	57	57	58	0.8%	58	59	59	60
<b>Total Pymts in Lieu of Taxes</b>	<b>2,706</b>	<b>2,716</b>	<b>2,722</b>	<b>2,719</b>	<b>2,722</b>		<b>2,744</b>	<b>2,766</b>	<b>2,788</b>	<b>2,810</b>
<b>% Increase</b>	<b>0.8%</b>	<b>0.4%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>0.0%</b>		<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>
<b>Total Property Taxes</b>	<b>\$ 24,077</b>	<b>\$ 25,228</b>	<b>\$ 24,474</b>	<b>\$ 24,781</b>	<b>\$ 25,952</b>		<b>\$ 26,549</b>	<b>\$ 27,162</b>	<b>\$ 27,791</b>	<b>\$ 28,435</b>
<b>% Increase</b>	<b>-10.5%</b>	<b>4.8%</b>	<b>1.6%</b>	<b>2.9%</b>	<b>6.0%</b>		<b>2.3%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.3%</b>

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSESSABLE BASE TABLE

	Assessable Base * (in millions)	Assessable Base - % Change from Prior Year	Real Estate Tax Rate *	Real Estate Tax Rate -% Change from Prior Year	Property Tax Revenue (in thousands)	Property Taxes - % Change from Prior Year
Actual 1981/1982	429	10.7%	0.700	6.1%	3,926	15.4%
Actual 1982/1983	478	11.4%	0.668	-4.6%	3,959	0.8%
Actual 1983/1984	516	7.9%	0.656	-1.8%	4,208	6.3%
Actual 1984/1985	547	5.9%	0.656	0.0%	4,438	5.5%
Actual 1985/1986	591	8.0%	0.656	0.0%	4,808	8.3%
Actual 1986/1987	615	4.1%	0.656	0.0%	5,170	7.5%
Actual 1987/1988	669	8.7%	0.656	0.0%	5,567	7.7%
Actual 1988/1989	716	7.0%	0.672	2.4%	5,914	6.2%
Actual 1989/1990	782	9.2%	0.684	1.8%	6,478	9.5%
Actual 1990/1991	862	10.3%	0.684	0.0%	6,982	7.8%
Actual 1991/1992	959	11.2%	0.684	0.0%	7,672	9.9%
Actual 1992/1993	1,028	7.3%	0.684	0.0%	8,194	6.8%
Actual 1993/1994	1,063	3.3%	0.684	0.0%	8,397	2.5%
Actual 1994/1995	1,122	5.6%	0.684	0.0%	8,810	4.9%
Actual 1995/1996	1,195	6.5%	0.680	-0.6%	9,156	3.9%
Actual 1996/1997	1,237	3.6%	0.680	0.0%	9,742	6.4%
Actual 1997/1998	1,264	2.2%	0.684	0.6%	9,821	0.8%
Actual 1998/1999	1,278	1.1%	0.696	1.8%	10,210	4.0%
Actual 1999/2000	1,326	3.8%	0.692	-0.6%	10,388	1.7%
Actual 2000/2001	1,380	4.0%	0.692	0.0%	10,756	3.5%
Actual 2001/2002	1,471	6.6%	0.732	5.8%	11,708	8.9%
Actual 2002/2003	1,491	1.4%	0.768	4.9%	12,873	10.0%
Actual 2003/2004	1,550	3.9%	0.783	2.0%	13,555	5.3%
Actual 2004/2005	1,640	5.8%	0.798	1.9%	14,597	7.7%
Actual 2005/2006	1,843	12.4%	0.798	0.0%	16,123	10.5%
Actual 2006/2007	2,103	14.1%	0.798	0.0%	18,200	12.9%
Actual 2007/2008	2,297	9.2%	0.798	0.0%	19,742	8.5%
Actual 2008/2009	2,552	11.1%	0.788	-1.3%	21,676	9.8%
Actual 2009/2010	2,830	10.9%	0.788	0.0%	23,959	10.5%
Actual 2010/2011	2,881	1.8%	0.788	0.0%	24,132	0.7%
Actual 2011/2012	2,559	-11.2%	0.788	0.0%	21,386	-11.4%
Actual 2012/2013	2,634	2.9%	0.788	0.0%	22,216	3.9%
Estimated 2013/2014	2,617	2.3%	0.788	0.0%	21,967	2.7%
Proposed 2014/2015	2,426	-7.3% **	0.898	14.0%	23,215	5.7%
Projected 2015/2016	2,489	2.6%	0.898	0.0%	23,788	2.5%

\* Assessable base and tax rates have been re-stated to reflect current practice of calculating property tax revenues over 100% of Estimated Actual Value.

\*\*The assessable base value per the February 2014 Constant Yield Notice memo reflects a decrease of 7.8%. This chart reflects 7.3% due to timing differences.

GENERAL FUND FINANCIAL PROJECTIONS  
 FISCAL YEAR 2015/2019  
 ASESABLE BASE TABLE  
 (IN THOUSANDS)

OBJECT	ACTUAL 2011/12	ACTUAL 2012/13	EST. ACTUAL 2013/14	PROPOSED	
				BUDGET 2014/15	PROJECTED 2015/16
For Full Year Levy	\$ 19,824	\$ 20,228	\$ 20,430	\$ 21,307	\$ 21,838
Tax Refunds on Current Year Levy	-	-	-	-	-
Residential Rehab Tax Cr Program	(2)	(2)	(2)	(2)	(2)
Enterprise Zone Tax Credit Program	(226)	(204)	(204)	(200)	(200)
Tax Exemption - Real Estate	(115)	(97)	(351)	(140)	(140)
Homestead Tax Credit Cap	(128)	(146)	(146)	(130)	(100)
<b>Net Real Estate Taxes</b>	<b>19,353</b>	<b>19,779</b>	<b>19,727</b>	<b>20,835</b>	<b>21,396</b>
	-11.0%	2.2%	-0.3%	5.6%	2.7%
Unincorporated Personal Property	4112	27	44	44	30
Corporate Personal Property	4113	2,006	2,393	2,196	2,362
Releases and Abatements	411301	-	-	-	-
<b>Total Personal Property</b>	<b>2,033</b>	<b>2,437</b>	<b>2,240</b>	<b>2,380</b>	<b>2,392</b>
	-14.8%	19.9%	-8.1%	6.3%	0.5%
<b>Current Year's Levy</b>	<b>\$ 21,386</b>	<b>\$ 22,216</b>	<b>\$ 21,967</b>	<b>\$ 23,215</b>	<b>\$ 23,788</b>
	-11.4%	3.9%	-1.1%	5.7%	2.5%
<b>Real Estate Tax Rate</b>	<b>\$ 0.788</b>	<b>\$ 0.788</b>	<b>\$ 0.788</b>	<b>\$ 0.898</b>	<b>\$ 0.898</b>
Business Property Tax Rate	\$ 1.970	\$ 1.970	\$ 1.970	\$ 2.245	\$ 2.245
<b>Assessable Base</b>					
Real Property	\$ 2,455,964	\$ 2,510,025	\$ 2,503,426	\$ 2,320,156	\$ 2,382,661
	-11.0%	2.2%	-0.3%	-7.3%	2.7%
[ (Net Real Estate Taxes / Tax Rate)/10 ]					
Business Personal Property	103,198	123,706	113,706	106,013	106,548
	-14.8%	19.9%	-8.1%	-6.8%	0.5%
[ Total Personal Property / Tax Rate ]					
<b>Total Assessable Base</b>	<b>\$ 2,559,162</b>	<b>\$ 2,633,731</b>	<b>\$ 2,617,132</b>	<b>\$ 2,426,169</b>	<b>\$ 2,489,209</b>
	-11.2%	2.9%	-0.6%	-7.3%	2.6%

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
GRANT AND OTHER REVENUES  
(IN THOUSANDS)

**GRANT REVENUES**

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	CHG%				
<b>Planning Dept. Grants</b>										
Heritage Area Planning Grant	\$ -	\$ -	\$ 1	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
<b>Other Dept. Grants</b>										
Reimbursement FEMA Grants	-	3	-	-	-		-	-	-	-
All Other Departmental Grants	31	29	29	30	30		-	-	-	-
<b>Police Dept. Grants</b>										
DEA Reimbursed Overtime	74	21	25	25	25		25	25	25	25
C-SAFE WCCP After School	(11)	-	-	-	-		-	-	-	-
COPS Hiring Grants - 2012 and 2014	-	-	297	236	261		261	117	-	-
School Resource Officers Grant	143	189	188	188	188		188	188	188	188
<b>Total Grant Revenues</b>	<b>237</b>	<b>242</b>	<b>540</b>	<b>479</b>	<b>504</b>		<b>474</b>	<b>330</b>	<b>213</b>	<b>213</b>

**OTHER REVENUES**

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	CHG%				
<b>Sale of Land &amp; Other Propty</b>										
Fire & Police Dept Equipment	6	4	3	4	3		3	3	3	3
Other	23	13	2	4	2		2	2	2	2
<b>Total Land Sale/Other</b>	<b>29</b>	<b>17</b>	<b>5</b>	<b>8</b>	<b>5</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Citizen Contributions	114	121	107	113	111		110	110	110	110
Miscellaneous Revenues	36	347	100	112	125		50	50	50	50
<b>Other Revenues</b>	<b>150</b>	<b>468</b>	<b>207</b>	<b>225</b>	<b>236</b>		<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>
Transfers from Economic Redevelopment Func	25	20	-	-	-		-	-	-	-
Transfers from Telecommuting Center	15	-	-	-	-		-	-	-	-
Transfers from CDBG Fund	5	4	4	30	30		-	-	-	-
Transfers from Flex Spending	6	-	6	-	-		5	5	5	5
Transfers from Workers Comp	200	250	250	250	-		-	-	-	-
Transfers from Health Ins Fund	-	25	55	35	55		55	55	55	55
Transfers from Water Fund Dividend	-	-	250	250	-		-	-	-	-
Transfers from Property Management Fund	12	-	-	60	200		-	-	-	-
<b>Total Transfers In</b>	<b>263</b>	<b>299</b>	<b>565</b>	<b>625</b>	<b>285</b>		<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Total Other Revenues</b>	<b>\$ 441</b>	<b>\$ 783</b>	<b>\$ 777</b>	<b>\$ 858</b>	<b>\$ 526</b>		<b>\$ 225</b>	<b>\$ 225</b>	<b>\$ 225</b>	<b>\$ 225</b>

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
PERSONAL SERVICES AND FRINGE BENEFITS  
(IN THOUSANDS)

**PERSONAL SERVICES**

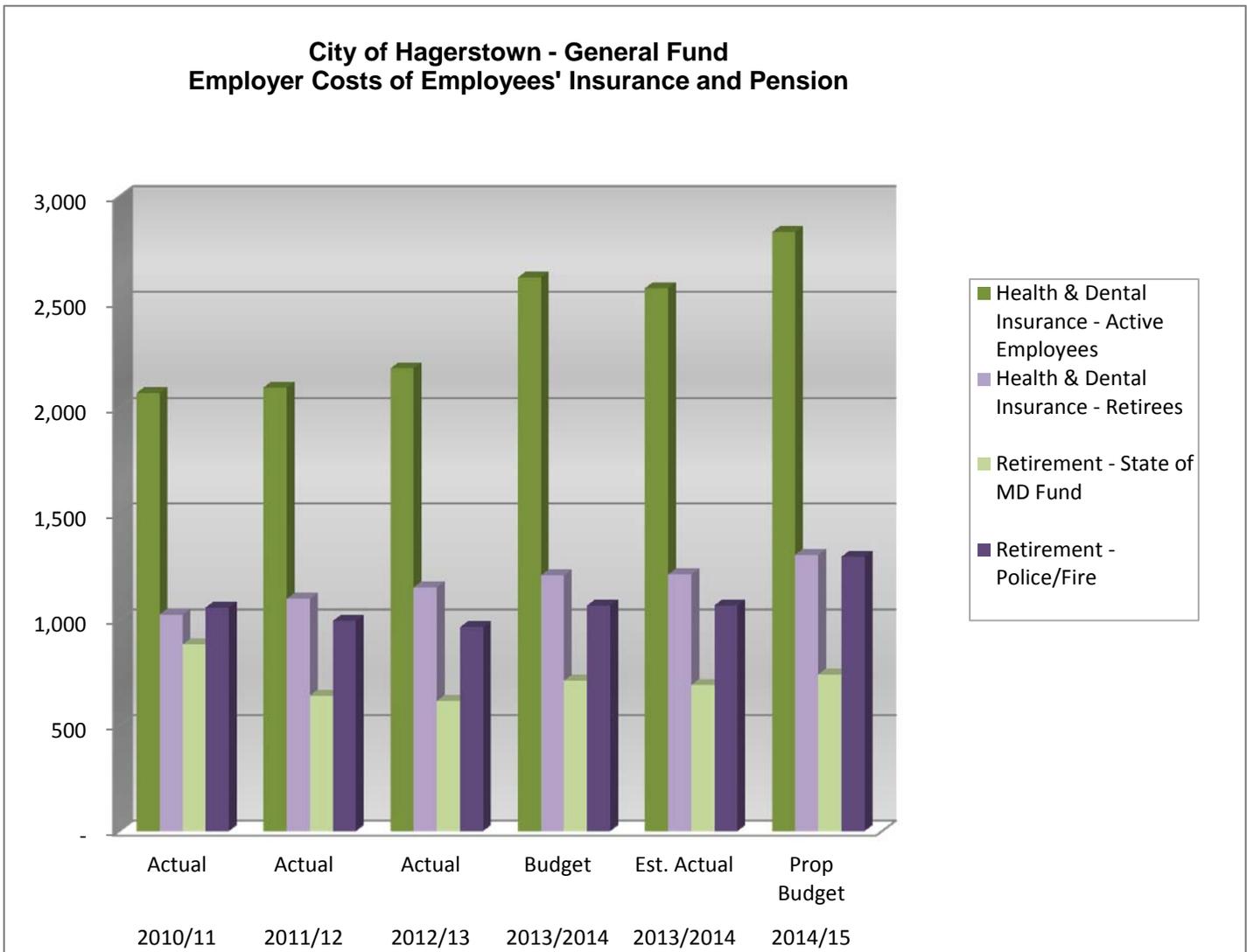
	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ. 3.300%	2016/17 PROJ. 3.300%	2017/18 PROJ. 2.500%	2018/19 PROJ. 3.000%
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG%				
<b>BASE WAGES</b>										
Regular Wages-Salaried	\$ 7,666	\$ 7,644	\$ 9,497	\$ 9,498	\$ 10,077		\$ 10,853	\$ 11,211	\$ 11,491	\$ 11,836
Regular Wages-Hourly	5,291	5,056	7,009	6,404	6,794		7,018	7,250	7,431	7,654
Sick Leave Pay	427	511	-	-	-		-	-	-	-
Holiday Pay	778	715	-	-	-		-	-	-	-
Vacation Pay	1,134	1,115	-	-	-		-	-	-	-
Compensatory Time Used	96	103	-	1	2		-	-	-	-
Workers Compensation Pay	5	-	-	-	-		-	-	-	-
Personal Leave	193	184	-	-	-		-	-	-	-
Temporary & Seasonal	449	544	593	625	692		695	699	702	706
Vacation Pay on Termination	145	73	78	78	60		75	75	75	75
Furlough Day Savings	(2)	-	-	-	-		-	-	-	-
Unfunded Positions Savings	-	-	(689)	-	(617)		(618)	(575)	(515)	(390)
Additional Vacancy Savings	-	-	(250)	-	(250)		(200)	(200)	(200)	(200)
<b>Total Base Wages</b>	<b>16,182</b>	<b>15,945</b>	<b>16,238</b>	<b>16,606</b>	<b>16,758</b>		<b>17,823</b>	<b>18,460</b>	<b>18,985</b>	<b>19,681</b>
% Increase	2.8%	-1.5%	1.8%	4.1%	3.2%		6.4%	3.6%	2.8%	3.7%
Employee Contingency	-	-	400	-	429		-	-	-	-
<b>ADDITIONAL WAGES</b>										
Overtime Pay	811	1,036	741	927	842		859	876	902	938
Comp Time Earned	(2)	24	-	1	1		-	-	-	-
<b>Total Additional Wages</b>	<b>809</b>	<b>1,060</b>	<b>741</b>	<b>928</b>	<b>843</b>		<b>859</b>	<b>876</b>	<b>902</b>	<b>938</b>
% Increase	21.5%	31.0%	-30.1%	-12.5%	13.8%		1.9%	2.0%	3.0%	4.0%
<b>Total Personal Services</b>	<b>\$ 16,991</b>	<b>\$ 17,005</b>	<b>\$ 17,379</b>	<b>\$ 17,534</b>	<b>\$ 18,030</b>		<b>\$ 18,682</b>	<b>\$ 19,336</b>	<b>\$ 19,887</b>	<b>\$ 20,619</b>
% Increase	3.5%	0.1%	2.2%	3.1%	3.7%		3.6%	3.5%	2.9%	3.7%

**FRINGE BENEFITS**

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG%				
<b>Active Employees</b>										
Holiday/Vacation Buy Back	\$ 19	\$ 17	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Severance Incentive Pay	95	-	-	-	-		-	-	-	-
Retirement Payouts	442	127	202	171	162		250	250	250	250
Retirement - State Fund	641	616	712	691	742		789	817	841	871
Retirement - Police/Fire	995	965	1,068	1,068	1,299		1,382	1,431	1,472	1,526
Retirement Deficit Payment	138	145	152	152	160		168	176	185	194
F.I.C.A. Taxes (7.65%)	1,279	1,248	1,235	1,235	1,262		1,429	1,479	1,521	1,577
Health Insurance	2,035	2,115	2,530	2,491	2,749	5.0%	2,886	3,031	3,182	3,341
Dental Insurance	63	74	87	76	83	2.5%	85	87	89	92
Life Insurance	26	25	28	26	28		30	31	32	33
Long-Term Disability	7	7	6	8	8		8	8	8	8
Workmans Compensation	565	722	743	741	1,107	4.0%	1,151	1,197	1,245	1,295
Emply Discounted Parking	48	58	59	57	58		58	58	58	58
Unemployment Taxes	131	91	61	49	46		85	85	80	75
Employee Assistance Prog	11	9	13	13	13		13	13	14	14
HPD Housing Allowance	-	13	14	21	18		18	20	21	22
Employee Longevity	4	7	5	6	6		5	5	5	5
<b>Total</b>	<b>6,499</b>	<b>6,239</b>	<b>6,915</b>	<b>6,805</b>	<b>7,741</b>		<b>8,358</b>	<b>8,689</b>	<b>9,003</b>	<b>9,361</b>
% Increase	-8.4%	-4.0%	10.8%	9.1%	11.9%		8.0%	4.0%	3.6%	4.0%
<b>Retirees</b>										
Health Insurance	1,062	1,109	1,169	1,169	1,262	5.0%	1,325	1,391	1,461	1,534
Dental Insurance	37	45	41	45	46	2.5%	47	48	50	51
<b>Total</b>	<b>1,099</b>	<b>1,154</b>	<b>1,210</b>	<b>1,214</b>	<b>1,308</b>		<b>1,372</b>	<b>1,440</b>	<b>1,511</b>	<b>1,585</b>
% Increase	7.2%	5.0%	4.9%	5.2%	8.1%		4.9%	4.9%	4.9%	4.9%
<b>Total Fringe Benefits</b>	<b>\$ 7,598</b>	<b>\$ 7,393</b>	<b>\$ 8,125</b>	<b>\$ 8,019</b>	<b>\$ 9,049</b>		<b>\$ 9,730</b>	<b>\$ 10,129</b>	<b>\$ 10,513</b>	<b>\$ 10,946</b>
% Increase	-6.4%	-2.7%	9.9%	8.5%	11.4%		7.5%	4.1%	3.8%	4.1%

**GENERAL FUND HISTORICAL TRENDS  
FISCAL YEAR 2011 THROUGH FISCAL YEAR 2015  
EMPLOYER SHARE OF INSURANCE AND PENSION COSTS  
(IN THOUSANDS)**

	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/2014 Budget	2013/2014 Est. Actual	2014/15 Prop Budget
Health & Dental Insurance - Active Employees	2,072	2,098	2,189	2,617	2,567	2,832
Health & Dental Insurance - Retirees	1,025	1,099	1,154	1,210	1,214	1,308
Retirement - State of MD Fund	883	641	616	712	691	742
Retirement - Police/Fire	1,059	995	965	1,068	1,068	1,299
	5,039	4,833	4,924	5,607	5,540	6,181
		-4%	2%	14%	13%	10%



GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
CONTRACTED SERVICES AND OPERATING TRANSFERS  
(IN THOUSANDS)

**CONTRACTED SERVICES**

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET					
Medical Services	\$ 27	\$ 46	\$ 28	\$ 26	\$ 50	2.0%	\$ 51	\$ 52	\$ 53	\$ 54
Grounds Services	122	116	143	142	144	2.0%	147	150	153	156
Miss Utility	1	2	1	3	3	2.0%	3	3	3	3
Contracted Staffing	67	90	65	155	91	2.0%	93	95	97	99
Other Contracted Services	802	1,382	1,312	1,428	1,461		1,478	1,508	1,538	1,569
Trash Collection	2,065	1,882	2,044	1,970	2,014	2.5%	2,064	2,116	2,169	2,223
Legal Fees	188	243	242	252	232	2.0%	237	242	247	252
Auditing	17	18	30	40	40	2.0%	41	42	43	44
Consulting	-	35	20	54	20	2.0%	20	20	20	20
Engineering	32	33	35	50	35	2.0%	36	37	38	39
Building Services	13	10	21	16	20	2.0%	20	20	20	20
Wellness Program	-	3	55	35	55		55	55	55	55
Safety Program	4	3	4	4	4	2.0%	4	4	4	4
Other Professional Services	121	160	183	154	184	2.0%	188	192	196	200
<b>Total Contracted Services</b>	<b>\$ 3,459</b>	<b>\$ 4,023</b>	<b>\$ 4,183</b>	<b>\$ 4,329</b>	<b>\$ 4,353</b>		<b>\$ 4,437</b>	<b>\$ 4,536</b>	<b>\$ 4,636</b>	<b>\$ 4,738</b>
% Increase	-0.6%	16.3%	4.0%	7.6%	4.1%		1.9%	2.2%	2.2%	2.2%

**OPERATING TRANSFERS**

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET					
Economic Redevelopment Fund	\$ 250	\$ 200	\$ 100	\$ 100	\$ -		\$ 100	\$ 100	\$ 150	\$ 150
Golf Course Fund	216	272	200	258	200		212	224	213	213
Special Revenue Grant Fund	62	38	67	47	-		70	70	70	70
Property Management Fund	-	-	-	-	-		-	-	-	-
<b>Total Operating Transfers</b>	<b>\$ 528</b>	<b>\$ 510</b>	<b>\$ 367</b>	<b>\$ 405</b>	<b>\$ 200</b>		<b>\$ 382</b>	<b>\$ 394</b>	<b>\$ 433</b>	<b>\$ 433</b>

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
DEBT SERVICE  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET						
<b>1996 Pub Imprv Bonds</b>											
Interest	\$ 4	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	
Principal (\$1,325,451)	120	-	-	-	-		-	-	-	-	
<b>1997 Pub Imprv Bonds</b>											
Interest	11	2	-	-	-		-	-	-	-	
Principal (\$2,140,960)	194	100	-	-	-		-	-	-	-	
<b>1998/99 Pub Imprv Bonds</b>											
Interest	14	8	2	2	-		-	-	-	-	
Principal (\$1,675,000)	140	145	80	80	-		-	-	-	-	
<b>2003/04 Pub Imprv Bonds</b>											
Interest	35	32	29	29	25		21	17	12	8	
Principal (\$1,395,000)	90	90	95	95	100		100	105	110	115	
Deferred Costs	-	-	-	-	-		-	-	-	-	
<b>2004/05 Refunding Bonds</b>											
Interest	4	-	-	-	-		-	-	-	-	
Principal (\$2,289,120)	254	-	-	-	-		-	-	-	-	
<b>2004/2005 Public Fac Bonds</b>											
Interest	84	76	68	68	59		50	41	31	21	
Principal (\$3,800,000)	242	252	261	261	271		276	285	299	309	
<b>2005/06 Pub Imprv Bonds</b>											
Interest	207	190	173	173	156		137	118	98	78	
Principal (\$7,490,666)	444	459	477	477	492		511	530	549	571	
<b>2007 HTC-WCSF Ice Rink Loan</b>											
Interest	3	1	-	-	-		-	-	-	-	
Principal (\$181,942)	32	34	-	-	-		-	-	-	-	
<b>2008/09 Pub Imprv Bonds</b>											
Interest	86	77	70	70	60		49	40	30	18	
Principal (\$3,407,810)	297	306	316	316	325		339	356	375	394	
Deferred Costs	-	-	-	-	-		-	-	-	-	
<b>2008/09 Pub Imprv BAB</b>											
Interest	182	187	279	279	279		279	279	279	279	
Principal (\$5,074,007)	-	-	-	-	-		-	-	-	-	
Deferred Costs	-	-	-	-	-		-	-	-	-	
<b>2012 Tote Loan</b>											
Interest	6	23	21	20	19		16	14	12	9	
Principal (\$600,000)	12	50	52	52	54		57	58	62	64	
Deferred Costs	1	-	-	-	-		-	-	-	-	
<b>2012/13 Pub Imprv Bonds</b>											
Interest (2.75%)	-	-	23	-	19		18	17	16	15	
Principal (\$428,427)	-	-	42	-	27		26	28	29	29	
<b>2013/14 Pub Imprv Bonds (Future)</b>											
Interest (4.00% over 20 years)	-	-	59	-	23		23	23	23	23	
Principal (\$1,082,980)	-	-	134	-	56		56	56	56	56	
<b>2014/15 Pub Imprv Bonds (Future)</b>											
Interest (4.25% over 20 years)	-	-	-	-	34		71	71	71	71	
Principal (\$3,110,000)	-	-	-	-	-		161	161	161	161	
<b>2015/16 Pub Imprv Bonds (Future)</b>											
Interest (4.25% over 25 years)	-	-	-	-	-		61	122	122	122	
Principal (\$5,425,000)	-	-	-	-	-		-	224	224	224	
<b>2016/17 Pub Imprv Bonds (Future)</b>											
Interest (4.50% over 20 years)	-	-	-	-	-		-	57	113	113	
Principal (\$4,718,000)	-	-	-	-	-		-	-	244	244	
<b>2017/18 Pub Imprv Bonds (Future)</b>											
Interest (4.50% over 20 years)	-	-	-	-	-		-	-	31	62	
Principal (\$2,600,000)	-	-	-	-	-		-	-	-	134	
<b>2018/19 Pub Imprv Bonds (Future)</b>											
Interest (4.75% over 20 years)	-	-	-	-	-		-	-	-	13	
Principal (\$3,150,000)	-	-	-	-	-		-	-	-	-	
<b>Total Debt Service</b>											
Interest & Deferred Costs	636	596	724	641	674		725	799	838	832	
Principal	1,825	1,436	1,457	1,281	1,325		1,526	1,803	2,109	2,301	
<b>Total Debt Service</b>	<b>\$ 2,461</b>	<b>\$ 2,032</b>	<b>\$ 2,181</b>	<b>\$ 1,922</b>	<b>\$ 1,999</b>		<b>\$ 2,251</b>	<b>\$ 2,602</b>	<b>\$ 2,947</b>	<b>\$ 3,133</b>	

GENERAL FUND FINANCIAL PROJECTIONS  
FISCAL YEAR 2015/2019  
DEBT AFFORDABILITY

Fiscal Year	Total Taxable Assessed Value	Population	Governmental Outstanding Debt	Percentage of Total Taxable Assessed Value	Per Capita	General Fund Debt Service as % of General Fund Operating Revenue
1999	1,278,140	35	10,121	0.79%	286	5.40%
2000	1,326,140	37	9,420	0.71%	257	4.90%
2001	1,379,531	37	8,674	0.63%	237	4.70%
2002	1,471,069	37	7,918	0.54%	215	4.60%
2003	1,491,155	37	7,204	0.48%	194	4.30%
2004	1,549,853	38	7,742	0.50%	206	3.60%
2005	1,639,741	38	11,643	0.71%	310	3.70%
2006	1,843,026	38	9,837	0.53%	257	4.77%
2007	2,103,113	39	16,120	0.77%	413	4.73%
2008	2,297,063	40	14,835	0.65%	371	5.42%
2009	2,520,240	40	13,343	0.53%	333	5.16%
2010	2,774,044	40	20,457	0.74%	511	5.25%
2011	2,880,838	40	18,695	0.65%	467	6.41%
2012	2,559,162	40	17,460	0.68%	440	6.80%
2013	2,633,731	40	16,013	0.61%	404	5.31%
Estimated 2013/14	2,617,132	40	16,232	0.62%	406	5.03%
Proposed 2014/15	2,426,169	40	18,007	0.74%	450	5.09%
Projected 2015/16	2,489,209	40	21,895	0.88%	546	5.23%
Projected 2016/17	2,553,946	40	23,400	0.92%	583	5.88%
Projected 2017/18	2,620,360	40	22,482	0.86%	559	6.47%
Projected 2018/19	2,688,596	40	21,922	0.82%	545	6.57%
<b>City Debt Policy Guidelines</b>				<b>10.00%</b>	<b>1,000</b>	<b>10.00%</b>

ENTERPRISE FUNDS PROJECTIONS  
FISCAL YEAR 2015/2019  
INTRODUCTION

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- Percentages of projected changes are indicated in the seventh column. Items without a percentage have been individually projected by year.
- Operating revenue across the utility funds includes a variety of sources; such as, service charges to customers, rental income from tenants, and green fees to golf. Rate and/or premium increases are included for Water and Wastewater Funds. Most of the other revenue increases included in the projections are based on increased utilization or increased customer base.
- Total operating expenses (excluding depreciation and Electric Fund's purchase power expense category) are increasing based on historical trends occurring within each individual fund. The overall operating expense increases range from 0.5% through 4.0% and is specifically notated within each individual fund's assumption section that follows. Most of the increases relate to salary and rising employee benefit costs.
- Depreciation expense is based on each fund's financial ability to invest in capital infrastructure and renovation projects. Depreciation expense is directly associated to each fund's capital investments through FY 2018/19 and to fixed assets that have reached its useful life period.
- The interest income rate is projected to be flat for 2014/15 and remain flat in future years as a result of the national economy and the low interest rates available on our current investments.
- The debt service requirements vary by fund and are reflected in Interest Expense and Principal Payments in all applicable funds. The future bond issue interest costs vary as some are City issued bonds and some are financed through Maryland Department of the Environment (MDE). Each issue may have different terms as well. In general, the projections for City issued governmental bonds are based on varying interest rates between 4.00% - 4.75% primarily for 20 or 25 year terms and a bond issue for a 30 year term in the Parking Fund. Typically, MDE bond issues are low interest rates between 1.75% - 2.25% over a 30 year term.
- Capital expenditures are taken directly from Section 9, Capital Improvement Program. Each department prepares and details a five year projection for all capital improvement projects. Non-CIP capital outlay expenditures have been estimated and added to the capital improvement projection amounts based on prior years' experience.
- The cash and short term investment balances at the beginning and end of each fiscal year are presented for each fund to assist in analyzing the cumulative impact of the annual surplus or deficit amounts on working capital.

ELECTRIC FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- The HLD is currently operating under a Power Service Agreement through May 31, 2014 at \$54.33 megawatt hour (MWh). In 2013, the City accepted a contract extension and a new price point of \$53.90 through May 31, 2015. We have recently extended the contract through May 31, 2017 at a price of \$51.90 for the two year period. These three extension prices represent a reduction of approximately 20% from the former \$64.85 per MWh charge. This is due to the future pricing of the electric market fuel and capacity expectations. A reduction in generation and transmission charges will equate to savings to City customers through the monthly Purchase Power Adjustment calculation. This savings to our customers is reflected in our declining revenue charges. Likewise, this reduction is reflected in our operating expenses under Purchased Power category.
- The decrease in revenue from estimated actuals FY2013/14 compared to budget FY2014/15 is 0.3% or \$62K and reflects the approval of the Purchase Power contract. Beginning with FY2014/15 through FY2018/19, our projections for revenue remain flat with no change as a result of the Purchase Power agreement and Public Service Commission regulations.
- Operating expenses, excluding depreciation and purchased power categories, increased by 2.2% from the FY2013/14 budget compared to the budget proposed for FY2014/15. This increase reflects current year COLAs received by employees, which includes the settlement of the IBEW collective bargaining contract. Additionally, it includes rising employee benefits. Finally, FY2014/15 has \$200K less in legal fees since the Purchase Power contract was approved in the current fiscal year. Based on historical data, the projections reflect annual increases of 0.5% from FY2015/16 through FY2018/19.
- The purchased power expense represents approximately 75% of total service revenue charges. Due to the slight 0.3% decrease in Purchase Power revenue from FY2013/14 estimated actuals, the projections for the expenses reflect a similar decrease from FY2013/14 estimated actuals to proposed FY 2014/15 budget. Just like the revenue projections for future years, the purchase power expense category remains flat beginning in FY2014/15 through FY2018/19.
- Depreciation expense for proposed FY2014/15 budget is 1.6% lower than current FY2013/14 budget. This decrease is a result of lower than anticipated investments in new capital projects and assets that have reached useful life. Beginning in FY2015/16 through FY2018/19, it is anticipated that more investments will be made to capital equipment and infrastructure which causes the following annual increases in the depreciation expenses: 2.8%, 4.0%, 4.3%, and 3.8%.
- The investment interest rate is assumed to remain flat. Additional interest is received from a long term agreement with Cascades Tissue Group MD, LLC. According to the agreement, Cascades is required to reimburse cure costs and facilities charges in 240 months ending in 2024. The agreement carries a 6.5% interest rate per annum and is reflected in interest earned. This combination of items is the reason for the projected decrease.
- As reflected in our projections, all capital improvement projects and capital outlay expenditures will be covered by fund balance in the Electric Fund. As a result, there is no future debt issues included in our projections through FY2018/19.
- Based on the assumptions outlined above for minimal revenue growth and increasing expenses, our net increase (decrease) in retained earnings is estimated to decline from an anticipated gain of \$413K in FY2014/15 to a gain of \$310K in FY2015/16.
- The projections show the dividend affordability formula and its effect on the Electric Fund's cash balance. Per the City's Enterprise Fund Dividend Transfer policy, projections will be updated once FY14 is closed and audited to determine if any transfer is possible.

ELECTRIC FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15	PROJ. CHANGE%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	ESTIMATED ACTUAL	PROPOSED BUDGET					
<b>Operating Revenues</b>										
Service Charges:										
Residential	\$ 13,001	\$ 13,628	\$ 11,657	\$ 12,258	\$ 12,207	0.0%	\$ 12,207	\$ 12,207	\$ 12,207	\$ 12,207
Commercial	5,470	5,504	4,858	5,005	5,005	0.0%	5,005	5,005	5,005	5,005
Industrial	7,813	6,039	5,373	5,467	5,455	0.0%	5,455	5,455	5,455	5,455
Other Rates	898	862	817	818	819	0.0%	819	819	819	819
<b>Total Service Charges</b>	<b>27,181</b>	<b>26,033</b>	<b>22,705</b>	<b>23,548</b>	<b>23,486</b>		<b>23,486</b>	<b>23,486</b>	<b>23,486</b>	<b>23,486</b>
Other Operating Revenues	375	491	414	525	531		551	563	575	588
<b>Total Operating Revenue</b>	<b>27,556</b>	<b>26,524</b>	<b>23,119</b>	<b>24,073</b>	<b>24,017</b>		<b>24,037</b>	<b>24,049</b>	<b>24,061</b>	<b>24,074</b>
<b>Operating Expenses</b>										
Purchased Power	21,708	20,943	17,059	17,770	17,600	0.0%	17,600	17,600	17,600	17,600
Distribution	2,209	2,096	2,100	2,019	2,092	0.5%	2,102	2,113	2,123	2,134
General & Administration	3,034	3,128	3,210	3,126	3,162	0.5%	3,178	3,194	3,210	3,226
Depreciation	904	859	920	870	905		930	968	1,009	1,048
<b>Total Operating Expenses</b>	<b>27,854</b>	<b>27,025</b>	<b>23,290</b>	<b>23,785</b>	<b>23,758</b>		<b>23,810</b>	<b>23,874</b>	<b>23,942</b>	<b>24,007</b>
<b>Operating Income (Loss)</b>	<b>(298)</b>	<b>(502)</b>	<b>(170)</b>	<b>288</b>	<b>259</b>		<b>227</b>	<b>176</b>	<b>120</b>	<b>67</b>
							2.8%	4.0%	4.3%	3.8%
<b>Non-Operating Revenues (Expenses)</b>										
Interest Earned	176	149	143	140	130		119	108	96	83
Interest Expense	(10)	(9)	(8)	(8)	(7)		(6)	(5)	(4)	(3)
Gain (loss) on Sale of Capital Ass	(35)	(13)	(8)	(3)	(15)		(30)	(30)	(30)	(30)
<b>Total Non-Operating Revenue</b>	<b>132</b>	<b>127</b>	<b>127</b>	<b>129</b>	<b>108</b>		<b>83</b>	<b>73</b>	<b>62</b>	<b>50</b>
<b>Net Income (Loss) Before Operati</b>	<b>(166)</b>	<b>(374)</b>	<b>(43)</b>	<b>418</b>	<b>367</b>		<b>310</b>	<b>248</b>	<b>181</b>	<b>117</b>
Transfers to Capital Improvements	(55)	(40)	(24)	(24)	(29)		(15)	(40)	(35)	(35)
<b>Capital Contributions</b>										
Grants in Aid of Construction	-	52	10	-	-		-	-	-	-
Non-cash Developer Contribution:	23	262	205	100	75		15	15	15	15
<b>Capital Contributions</b>	<b>23</b>	<b>314</b>	<b>215</b>	<b>100</b>	<b>75</b>		<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Increase (Decrease) in Retained E</b>	<b>(199)</b>	<b>(100)</b>	<b>147</b>	<b>494</b>	<b>413</b>		<b>310</b>	<b>223</b>	<b>161</b>	<b>97</b>
<b>Adjust to a Cash Flow Basis</b>										
Depreciation	904	859	920	870	905		930	968	1,009	1,048
Current Principal Payments on De	(46)	(22)	(23)	(23)	(23)		(24)	(25)	(26)	(27)
Non-Cash Capital Contributions	(23)	(262)	(205)	(100)	(75)		(15)	(15)	(15)	(15)
Changes in Working Capital	(543)	250	-	-	-		-	-	-	-
<b>Total Adjustments to Retainer</b>	<b>292</b>	<b>826</b>	<b>692</b>	<b>747</b>	<b>807</b>		<b>891</b>	<b>928</b>	<b>968</b>	<b>1,006</b>
<b>Funds Available for Capital Outlay</b>	<b>94</b>	<b>725</b>	<b>840</b>	<b>1,241</b>	<b>1,220</b>		<b>1,201</b>	<b>1,151</b>	<b>1,129</b>	<b>1,103</b>
<b>Capital Outlay</b>	<b>377</b>	<b>766</b>	<b>847</b>	<b>507</b>	<b>938</b>		<b>1,449</b>	<b>1,648</b>	<b>1,739</b>	<b>1,444</b>
<b>Net Surplus (Deficit)</b>	<b>\$ (283)</b>	<b>\$ (40)</b>	<b>\$ (7)</b>	<b>\$ 734</b>	<b>\$ 282</b>		<b>\$ (248)</b>	<b>\$ (497)</b>	<b>\$ (610)</b>	<b>\$ (341)</b>
Beginning Cash Balance	\$ 4,130	\$ 3,847	\$ 3,806	\$ 3,806	\$ 4,540		\$ 4,822	\$ 4,574	\$ 4,077	\$ 3,468
Ending Cash Balance	\$ 3,847	\$ 3,806	\$ 3,799	\$ 4,540	\$ 4,822		\$ 4,574	\$ 4,077	\$ 3,468	\$ 3,127
<b>Dividend Affordability Formula</b>										
Operating & Maintenance Expenses:	26,950	26,166	22,370	22,915	22,853		22,880	22,906	22,933	22,959
Reserved Retained Earnings (2 Mor	4,492	4,361	3,728	3,819	3,809		3,813	3,818	3,822	3,827
Cash in Excess of Reserve after Div	(645)	(555)	71	721	1,013		761	260	(354)	(700)

ELECTRIC FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHANGE%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	ESTIMATED ACTUAL	PROPOSED BUDGET						
<b>Schedule A - Capital Outlay</b>											
<b>Capital Outlay</b>											
Vehicles-C0090	\$ -	\$ 37	\$ 50	\$ 15	\$ 150		\$ 225	\$ 184	\$ 210		225
Telemetry Equipment-C0111	-	25	25	20	25		40	40	30		20
Central Substation-C0118	-	-	-	-	-		-	200	500		200
Wesel Boulevard-C0220	-	-	-	-	-		50	50	50		50
Hagerstown Business Park-C025	-	-	-	-	-		50	50	50		50
System Reconductoring-C0259	-	-	20	-	20		20	20	20		20
Pedestrian Lights-C0388	-	-	10	-	10		100	100	100		100
Building & Site Improvements-C0	-	-	25	5	150		150	150	20		20
Bulldog Substation- C0544	-	-	-	-	-		-	-	20		20
A&E District Upgrades-C0591	-	-	-	-	32		32	32	32		32
Test Equipment-C0609	1	-	17	10	7		17	17	17		17
City Park Bridge Light Replaceme	-	-	-	-	-		-	-	-		-
Fairchild Heights-C0613	-	-	8	-	-		-	-	-		-
Jonathan Street Underground-C0	-	-	-	-	-		-	-	-		-
Work Management System-C061	-	-	-	-	-		-	-	-		-
Old Trail Estates-C0673	-	-	3	-	-		-	-	-		-
Potomac Manor-C0674	-	-	3	-	-		-	-	-		-
Poplar Square (former Linwood H	-	-	-	-	-		-	-	-		-
Deerfield Knolls-C0707	-	-	-	-	-		-	-	-		-
Substation Breaker Replacement-	-	-	10	-	-		-	-	-		-
GIS Facility Software-C0777	-	-	10	-	-		-	-	-		-
Mitchell Substation Third Bay-C07	-	-	10	-	-		60	100	-		-
Spare Regulators-C0797	13	12	20	-	15		15	15	-		-
Wildlife Protection-C0802	-	-	15	14	15		15	15	15		15
C W Brooks Building-C0804	-	-	-	-	-		-	-	-		-
Library Project (Electric Fund)-C0	6	34	-	-	-		-	-	-		-
Northern Ave McDonalds-C0817	21	-	-	-	-		-	-	-		-
Noland Drive Boys and Girls Club	-	-	52	26	52		-	-	-		-
Hamilton Hotel-C0819	-	-	9	9	9		-	-	-		-
Feeder Coordination-C0833	-	-	25	-	25		25	25	25		25
Bester Elementary School-C0841	-	26	41	22	34		-	-	-		-
Circuit Upgrades-C0842	-	-	60	40	20		150	150	150		150
Other - Non-Specific	336	632	434	346	374		500	500	500		500
<b>Total Capital Outlay</b>	<b>\$ 377</b>	<b>\$ 766</b>	<b>\$ 847</b>	<b>\$ 507</b>	<b>\$ 938</b>		<b>\$ 1,449</b>	<b>\$ 1,648</b>	<b>\$ 1,739</b>		<b>\$ 1,444</b>

WATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- Based on a new approved five-year rate schedule adopted March 27, 2014, water service rates are scheduled to increase an average of 2.0% for services provided in the City and an average of 2.0% per year for services provided outside the City. The five-year rate schedule was based on a cost of service study; and, the new rate schedule will begin July 1, 2014 and will end June 30, 2019. The projections reflect these average increases through Fiscal Year 2018/19. The rate increases are necessary to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions.
- Total operating expenses (excluding depreciation) increased by 2.5% from the FY2013/14 budget compared to the budget proposed for FY2014/15. Primarily, this increase is a result of proposed COLAs and salary enhancements for employees and rising employer costs for health and dental insurance, workers compensation, and pension contributions. All other expenditures are flat or decreasing. Based on historical trends, the projections include increases in future periods as well, and the overall estimated increase for each period from FY2012/16 through FY2018/19 is 2.0%.
- Depreciation expense has increased due to recent capital improvement upgrades and investments. We anticipate that depreciation will continue to increase in future years as investment in significant capital projects continue throughout the City. The most notable project is our RC Willson Phase IV Improvements for Stage 2 DPBR Compliance project (#52-C0740 in CIP section 9) anticipated to be completed in FY2013/14. As a result, depreciation expense reflects an increase of 17.8% from FY2013/14 budget to proposed FY2014/15 budget. This trend will continue to increase at a lower rate in the years that follow based upon current anticipated new projects. In the four years from FY2015/16 through FY2018/19 the increase in expense will be 2.8%, 1.7%, 6.3%, and 7.0%.
- The investment interest rate is assumed to remain flat with no growth calculated due to the current economic market conditions.
- The projection incorporates benefit charge funds. Benefit charge funds are intended to be used for growth related capital projects and debt service from prior year growth related projects. Benefit charges have decreased due to the economy. From our current FY2013/14 budget to estimated projections for FY2013/14, benefit charges are estimated to decrease by 16.7% or \$100K. The projections for FY2015/16 include slight growth of \$50K. All remaining projections include slight growth of \$25K annually through FY2018/19.
- The projections for Maryland Department of the Environment (MDE) Loan Program Bond financing include low interest rates from 1.75% to 2.25% for thirty year terms. In addition, MDE bonds include an administrative fee of 5.0% of debt service issued annually. The bonds marked as City bonds have an interest rates from 4.00% - 4.75% over spans of 20 - 25 years. The MDE funding package for the R.C. Willson Phase IV Project also includes a grant of \$1.5 million that is reflected in the FY2013/14 budget and estimated actuals. Additionally, the MDE bond financing for the R.C. Willson Plant upgrades includes loan forgiveness of \$1.5 million which will occur in FY2018/19.
- Based on the assumptions outlined above for both revenues and increasing expenses, our net increase (decrease) in retained earnings is estimated to decline from an anticipated gain of \$449K in FY2014/15 to a loss of <\$118K> in FY2015/16.
- Due to the drop in projected new benefit charges, the cost of service rate study recommends that an allocation of cash be included as restricted cash in future years. This allocation would cover a portion of annual service charge revenues for future system repairs, renewal, and replacement.

WATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15 PROPOSED BUDGET	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL						
<b>Operating Revenues</b>										
Service Charges										
Metered City Water	\$ 1,914	\$ 1,953	\$ 2,080	\$ 2,022	\$ 2,052	2%	\$ 2,093	\$ 2,135	\$ 2,178	\$ 2,222
Metered County Water	7,531	7,739	8,276	8,315	8,440	2%	8,609	8,781	8,956	9,135
<b>Total Service Charges</b>	<b>9,445</b>	<b>9,691</b>	<b>10,356</b>	<b>10,337</b>	<b>10,492</b>		<b>10,702</b>	<b>10,916</b>	<b>11,134</b>	<b>11,357</b>
Other Operating Revenues	779	1,167	625	778	746		750	750	750	750
<b>Total Operating Revenue</b>	<b>10,224</b>	<b>10,858</b>	<b>10,981</b>	<b>11,115</b>	<b>11,238</b>		<b>11,452</b>	<b>11,666</b>	<b>11,884</b>	<b>12,107</b>
<b>Operating Expenses</b>										
Source of Supply	90	75	74	63	69	2.0%	70	72	73	75
Pumping & Water Treatment	2,857	3,285	3,596	3,330	3,549	2.0%	3,620	3,692	3,766	3,842
Transmission & Distribution	1,928	1,598	1,686	1,707	1,846	2.0%	1,883	1,920	1,959	1,998
Selling, General & Administration	2,946	2,590	2,712	2,759	2,802	2.0%	2,858	2,915	2,974	3,033
<b>Total Operating Expenses</b>	<b>7,821</b>	<b>7,549</b>	<b>8,067</b>	<b>7,859</b>	<b>8,266</b>		<b>8,431</b>	<b>8,600</b>	<b>8,772</b>	<b>8,947</b>
<b>Cash Operating Income (Loss)</b>	<b>2,403</b>	<b>3,309</b>	<b>2,914</b>	<b>3,256</b>	<b>2,972</b>		<b>3,021</b>	<b>3,066</b>	<b>3,112</b>	<b>3,160</b>
Depreciation	2,245	2,296	2,682	2,735	3,160		3,247	3,302	3,510	3,756
<b>Operating Income (Loss)</b>	<b>158</b>	<b>1,014</b>	<b>232</b>	<b>521</b>	<b>(188)</b>		<b>(227)</b>	<b>(236)</b>	<b>(397)</b>	<b>(596)</b>
<b>Non-Operating Revenues (Expenses)</b>										
Interest Earned	40	10	5	5	5		5	5	5	5
Interest Expense	(328)	(364)	(568)	(449)	(567)		(656)	(649)	(718)	(766)
<b>Total Non-Operating Revenue (Expense)</b>	<b>(288)</b>	<b>(354)</b>	<b>(563)</b>	<b>(444)</b>	<b>(562)</b>		<b>(651)</b>	<b>(644)</b>	<b>(713)</b>	<b>(761)</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>(130)</b>	<b>660</b>	<b>(331)</b>	<b>77</b>	<b>(750)</b>		<b>(878)</b>	<b>(880)</b>	<b>(1,110)</b>	<b>(1,357)</b>
<b>Transfers From (To) Other Funds</b>										
Transfers to Capital Improvements Fund	(55)	(40)	(24)	(24)	(29)		(15)	(40)	(35)	(35)
Transfers to CIP Fund-Water Fund Dividend	-	-	-	-	-		(250)	(250)	(250)	(250)
Transfers to General Fund-Water Fund Dividend	-	-	(250)	(250)	-		-	-	-	-
<b>Total Transfers From (To) Other Funds</b>	<b>(55)</b>	<b>(40)</b>	<b>(274)</b>	<b>(274)</b>	<b>(29)</b>		<b>(265)</b>	<b>(290)</b>	<b>(285)</b>	<b>(285)</b>
<b>Capital Contributions</b>										
Benefits Charges	565	294	600	500	500		550	575	600	625
Grants in Aid of Construction	29	128	1,500	1,500	-		-	-	-	-
Developer Contributions	200	409	500	250	350		150	763	638	100
<b>Capital Contributions</b>	<b>794</b>	<b>831</b>	<b>2,600</b>	<b>2,250</b>	<b>850</b>		<b>700</b>	<b>1,338</b>	<b>1,238</b>	<b>725</b>
Gain on Fixed Asset Disposals	3	1	3	10	10		3	3	3	3
<b>Increase (Decrease) in Retained Earnings</b>	<b>611</b>	<b>1,452</b>	<b>1,997</b>	<b>2,062</b>	<b>81</b>		<b>(440)</b>	<b>170</b>	<b>(155)</b>	<b>(914)</b>
<b>Adjust to a Cash Flow Basis</b>										
Add Back Depreciation	2,245	2,296	2,682	2,735	3,160		3,247	3,302	3,510	3,756
Changes in Working Capital	(151)	(406)	-	-	-		-	-	-	-
Principal Payments on Long-term Debt	(1,495)	(1,338)	(2,084)	(1,256)	(1,395)		(2,036)	(2,096)	(2,397)	(2,603)
Non-Cash Capital Contributions	(200)	(409)	(500)	(250)	(350)		(150)	(763)	(638)	-
<b>Total Adjustments to Retained Earnings</b>	<b>399</b>	<b>143</b>	<b>98</b>	<b>1,229</b>	<b>1,415</b>		<b>1,062</b>	<b>444</b>	<b>475</b>	<b>1,153</b>
<b>Cash Available for Capital Outlay</b>	<b>1,011</b>	<b>1,594</b>	<b>2,096</b>	<b>3,291</b>	<b>1,496</b>		<b>621</b>	<b>614</b>	<b>320</b>	<b>239</b>
<b>Capital Outlay</b>										
Non-Growth Related	2,839	3,456	10,728	9,939	4,151		3,400	2,731	1,682	1,512
Growth Related	816	290	2,693	2,616	1,032		4,020	5,485	1,212	4,028
<b>Total Capital Outlay</b>	<b>3,655</b>	<b>3,746</b>	<b>13,421</b>	<b>12,555</b>	<b>5,183</b>		<b>7,419</b>	<b>8,215</b>	<b>2,895</b>	<b>5,540</b>
<b>Cash After Capital Outlay</b>	<b>(2,645)</b>	<b>(2,152)</b>	<b>(11,325)</b>	<b>(9,264)</b>	<b>(3,686)</b>		<b>(6,798)</b>	<b>(7,602)</b>	<b>(2,575)</b>	<b>(5,301)</b>
<b>Additional Funding</b>										
MDE Bond Financing	1,274	224	8,400	8,150	2,650		5,845	5,920	723	3,905
City Bond Financing	3,413	0	2,441	2,180	1,485		835	857	881	906
<b>Total Additional Funding</b>	<b>4,686</b>	<b>224</b>	<b>10,841</b>	<b>10,330</b>	<b>4,135</b>		<b>6,680</b>	<b>6,777</b>	<b>1,604</b>	<b>4,811</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 2,042</b>	<b>\$ (1,928)</b>	<b>\$ (485)</b>	<b>\$ 1,066</b>	<b>\$ 449</b>		<b>\$ (118)</b>	<b>\$ (824)</b>	<b>\$ (971)</b>	<b>\$ (490)</b>
Beginning Cash Balance	\$ 7,291	\$ 9,333	\$ 7,404	\$ 7,404	\$ 8,470		\$ 8,919	\$ 8,801	\$ 7,976	\$ 7,005
Ending Cash Balance	\$ 9,333	\$ 7,404	\$ 6,920	\$ 8,470	\$ 8,919		\$ 8,801	\$ 7,976	\$ 7,005	\$ 6,515
Unrestricted Cash Balance - Beginning	\$ 3,846	\$ 6,190	\$ 4,206	\$ 6,190	\$ 3,492		\$ 3,885	\$ 3,826	\$ 3,078	\$ 2,257
Unrestricted Cash Balance - Ending	\$ 6,190	\$ 4,206	\$ 3,832	\$ 3,492	\$ 3,885		\$ 3,826	\$ 3,078	\$ 2,257	\$ 2,067
Restricted Cash Balance - Beginning	\$ 3,445	\$ 3,142	\$ 3,198	\$ 3,198	\$ 4,978		\$ 5,034	\$ 4,974	\$ 4,898	\$ 4,748
Restricted Cash Balance - Ending	\$ 3,142	\$ 3,198	\$ 3,088	\$ 4,978	\$ 5,034		\$ 4,974	\$ 4,898	\$ 4,748	\$ 4,448
Dividend Affordability Formula:										
Operating & Maintenance Expenses	7,821	7,549	8,067	7,859	8,266		8,431	8,600	8,772	8,947
Reserved Retained Earnings (2 Months)	1,304	1,258	1,345	1,310	1,378		1,405	1,433	1,462	1,491
Cash in Excess of Reserve after Dividend	4,886	2,948	2,487	2,182	2,507		2,421	1,645	795	575

WATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15 PROPOSED BUDGET	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL						
<b>Schedule A - Capital Outlay</b>										
<b>Capital Outlay</b>										
Water Vehicles-C0117	\$ 20	\$ 182	\$ 275	\$ 275	\$ 358		\$ 191	\$ 250	\$ 226	\$ 199
R.C. Willson Plant Improvements-C0166	(29)	94	200	150	200		210	221	232	243
Willson Transmission Main-C0167	302	1	-	-	500		3,750	4,650	500	3,850
Edgemont Reservoir Improvements-C0168	15	-	150	50	150		220	320	320	150
West End Reservoir Phase II-C0275	178	-	-	-	-		-	-	-	-
Zone 3 Standpipe-C0323	-	-	-	-	-		-	-	-	100
Breichner WTP Improvements-C0405	-	13	300	50	300		1,750	1,100	53	55
Administrative/Engineering Equip.-C0648	-	-	10	5	10		10	10	10	10
Pump Station Improvements-C0651	39	143	75	75	75		225	838	713	75
Distribution Services-C0653	1,209	1,852	1,206	1,200	1,165		326	328	330	332
Distribution System Rehabilitation-C0709	245	334	400	200	400		412	424	437	450
Distribution System Equipment-C0710	-	-	-	-	-		-	-	-	-
R.C. Willson Plant - Phase IV-C0740	924	797	9,600	9,350	1,500		-	-	-	-
R.C. Willson Plant - Phase V-C0741	217	-	-	-	-		-	-	-	-
Water System SCADA Improvements-C0820	536	332	1,205	1,200	525		325	75	75	75
<b>Total Capital Outlay</b>	<b>3,655</b>	<b>3,746</b>	<b>13,421</b>	<b>12,555</b>	<b>5,183</b>		<b>7,419</b>	<b>8,215</b>	<b>2,895</b>	<b>5,540</b>
<b>Schedule B - Capital Outlay Detail</b>										
<b>Capital Outlay</b>										
<b>Non-Growth Related</b>										
<b>Cash Funded</b>										
Water Vehicles-C0117	20	182	275	275	358		191	250	226	199
R.C. Willson Plant Improvements-C0166	-	71	23	23	23		28	28	28	28
Edgemont Reservoir Improvements-C0168	15	-	150	50	150		150	150	150	150
Breichner WTP Improvements-C0405	-	13	-	-	-		-	-	-	-
Administrative/Engineering Equip.-C0648	-	-	8	4	8		8	8	8	8
Pump Station Improvements-C0651	39	143	75	75	75		75	75	75	75
Distribution Services-C0653	-	1,852	-	-	250		76	78	80	82
Distribution System Rehabilitation-C0709	-	334	-	-	-		-	-	-	-
R.C. Willson Plant - Phase IV-C0740	693	429	375	188	113		-	-	-	-
Water System SCADA Improvements-C0820	429	266	32	32	20		40	60	60	60
<b>Total Cash Funding</b>	<b>1,196</b>	<b>3,288</b>	<b>938</b>	<b>646</b>	<b>996</b>		<b>568</b>	<b>649</b>	<b>627</b>	<b>602</b>
<b>Grants in Aid of Construction</b>										
R.C. Willson Plant - Phase IV-C0740	-	-	1,125	1,125	-		-	-	-	-
<b>Total Grants in Aid of Construction</b>	<b>0</b>	<b>0</b>	<b>1,125</b>	<b>1,125</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Contributions by Developers</b>										
Pump Station Improvements-C0651	-	-	-	-	-		-	-	-	-
<b>Total Contributions by Developers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>MDE Bond Funded</b>										
Edgemont Reservoir Improvements-C0168	-	-	-	-	-		70	170	170	-
West End Reservoir Phase II-C0275	133	-	-	-	-		-	-	-	-
Breichner WTP Improvements-C0405	-	-	300	50	300		1,750	1,100	53	55
R.C. Willson Plant - Phase IV-C0740	-	168	5,700	5,700	1,013		-	-	-	-
R.C. Willson Plant - Phase V-C0741	163	-	-	-	-		-	-	-	-
Water System SCADA Improvements-C0820	-	-	400	400	400		220	-	-	-
<b>Total MDE Bond Funding</b>	<b>296</b>	<b>168</b>	<b>6,400</b>	<b>6,150</b>	<b>1,713</b>		<b>2,040</b>	<b>1,270</b>	<b>223</b>	<b>55</b>
<b>City Bond Funded (Benefit Charge Advance)</b>										
R.C. Willson Plant Improvements-C0166	(22)	-	128	90	128		129	137	146	154
West End Reservoir Phase II-C0275	-	-	-	-	-		-	-	-	-
Pump Station Improvements-C0651	-	-	-	-	-		-	-	-	-
Distribution Services-C0653	1,125	-	1,206	1,200	915		250	250	250	250
Distribution System Rehabilitation-C0709	245	-	400	200	400		412	424	437	450
Distribution System Equipment-C0710	-	-	-	-	-		-	-	-	-
R.C. Willson Plant - Phase V-C0741	-	-	-	-	-		-	-	-	-
Water System SCADA Improvements-C0820	-	-	532	528	-		-	-	-	-
<b>Total City Bond Funding</b>	<b>1,347</b>	<b>0</b>	<b>2,265</b>	<b>2,018</b>	<b>1,443</b>		<b>791</b>	<b>812</b>	<b>833</b>	<b>854</b>
<b>Total Non-Growth Related Capital Outlay</b>	<b>\$ 2,839</b>	<b>\$ 3,456</b>	<b>\$ 10,728</b>	<b>\$ 9,939</b>	<b>\$ 4,151</b>		<b>\$ 3,400</b>	<b>\$ 2,731</b>	<b>\$ 1,682</b>	<b>\$ 1,512</b>

WATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15 PROPOSED BUDGET	PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL						
<b>Growth Related</b>										
<b>Grants in Aid of Construction</b>										
Willson Transmission Main-C0167	\$ 29		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
R.C. Willson Plant - Phase IV-C0740	-		375	375	-		-	-	-	-
<b>Total Grants in Aid of Construction</b>	<b>29</b>		<b>375</b>	<b>375</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributions by Developers</b>										
Willson Transmission Main-C0167	115		-	-	-		-	-	-	-
Zone 3 Standpipe-C0323	-		-	-	-		-	-	-	100
New Pump Stations -C0651	-	-	-	-	-		150	763	638	-
Distribution Services-C0653	85		-	-	-		-	-	-	-
<b>Total Contributions by Developers</b>	<b>200</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>150</b>	<b>763</b>	<b>638</b>	<b>100</b>
<b>Benefit Charges/Restricted Cash Funded</b>										
R.C. Willson Plant Improvements-C0166	(7)	24	8	8	8		9	9	9	9
Willson Transmission Main-C0167	-	1	-	-	-		-	-	-	-
West End Reservoir Phase II-C0275	-		-	-	-		-	-	-	-
Administrative/Engineering Equip.-C0648	-	-	2	1	2		2	2	2	2
R.C. Willson Plant - Phase IV-C0740	231	143	125	63	38		-	-	-	-
R.C. Willson Plant - Phase V-C0741	-		-	-	-		-	-	-	-
Water System SCADA Improvements-C0820	107	66	8	8	5		10	15	15	15
<b>Total Benefit Charge Funded</b>	<b>331</b>	<b>234</b>	<b>143</b>	<b>79</b>	<b>52</b>		<b>21</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>MDE Bond Funded</b>										
Willson Transmission Main-C0167	157		-	-	500		3,750	4,650	500	3,850
West End Reservoir Phase II-C0275	44		-	-	-		-	-	-	-
R.C. Willson Plant - Phase IV-C0740	-	56	1,900	1,900	338		-	-	-	-
R.C. Willson Plant - Phase V-C0741	54		-	-	-		-	-	-	-
Water System SCADA Improvements-C0820	-	-	100	100	100		55	-	-	-
<b>Total MDE Bond Funding</b>	<b>256</b>	<b>56</b>	<b>2,000</b>	<b>2,000</b>	<b>938</b>		<b>3,805</b>	<b>4,650</b>	<b>500</b>	<b>3,850</b>
<b>City Bond Funded (Benefit Charge Advance)</b>										
R.C. Willson Plant Improvements-C0166	-	-	43	30	43		43	46	49	51
Water System SCADA Improvements-C0820	-	-	133	132	-		-	-	-	-
<b>Total City Bond Funding</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>162</b>	<b>43</b>		<b>43</b>	<b>46</b>	<b>49</b>	<b>51</b>
<b>Total Growth Related Capital Outlay</b>	<b>816</b>	<b>290</b>	<b>2,693</b>	<b>2,616</b>	<b>1,032</b>		<b>4,020</b>	<b>5,485</b>	<b>1,212</b>	<b>4,028</b>
<b>Total Capital Outlay</b>	<b>\$ 3,655</b>	<b>\$ 3,746</b>	<b>\$ 13,421</b>	<b>\$ 12,555</b>	<b>\$ 5,183</b>		<b>\$ 7,419</b>	<b>\$ 8,215</b>	<b>\$ 2,895</b>	<b>\$ 5,540</b>

WASTEWATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- Service Charge Revenue reflects the adoption of a new five-year rate schedule on March 27, 2014. The five-year rate schedule was based on a cost of service study; and, the new rate schedule will begin July 1, 2014 and will end June 30, 2019. The projections reflect the new rates: FY2014/15 - 12% rate increase; FY2015/16 - 4% rate increase; FY2016/17 - 4% rate increase; and both FY2017/18 and FY2018/19 – 2% rate increase. The rate increases are necessary to meet the Wastewater revenue requirements and enable the fund to be self supporting.
- Total operating expenses (excluding depreciation) increased by 0.7% from the FY2013/14 budget compared to the budget proposed for FY2014/15. Primarily, this increase is a result of proposed COLAs and salary enhancements for employees and rising employer costs for health and dental insurance, workers compensation, and pension contributions. As a result of historical trends, our projections included increases in future periods as well. The overall estimated increase for each period from FY2015/16 through FY2018/19 is 2.0%.
- Depreciation expense will fluctuate as a result of capital improvement upgrades, infrastructure investments, and assets reaching the end of its useful life. Due to the timing of the current year bond issue, various projects were delayed and as a result it is estimated that depreciation expense from the proposed FY2014/15 budget will be 1.0% less than the current FY2013/14 budget. We anticipate that depreciation will climb in future years as we invest in various capital projects throughout the City. As a result, depreciation expense will increase in the years that follow based upon current anticipated new projects. In the four years from FY2015/16 through FY2018/19 the increase in expense will be 2.7%, 2.6%, 1.8%, and 1.5%.
- The investment interest rate is assumed to remain flat due to the current market conditions. So, interest revenue projections are flat until FY2018/19.
- Benefit charges are the primary source of funding for capacity growth needs and related capital projects. Benefit charges are also utilized to pay for debt service related to prior year capacity related capital projects. In recent years, revenues from benefit charges have decreased due to the current economy. From our current FY2013/14 budget to estimated projections for FY2013/14, benefit charges are estimated to decrease by 33.3% or \$200K. The projections for FY2015/16 include slight growth of \$50K. All remaining projections include slight growth of \$25K annually through FY2018/19.
- Beginning in FY2013/14, projections assume that all future bonds will be backed by the full faith and credit of the City and issued as general obligation debt, which reflect interest rates from 4.00% - 4.75% and terms of 20 - 25 years.
- Based on the various estimations mentioned above for both revenues and expenses, our net increase (decrease) in retained earnings is estimated to improve significantly from an anticipated loss of <\$486K> in FY2014/15 to a loss of <\$190K> in FY2015/16.

WASTEWATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15	PROJ CHG %	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET					
<b>Operating Revenues</b>										
Service Charges										
Metered City Sewer	\$ 5,461	\$ 5,527	\$ 5,684	\$ 5,663	\$ 6,338		\$ 6,592	\$ 6,856	\$ 6,993	\$ 7,133
Metered County Sewer	2,789	2,715	2,922	2,787	3,123		3,248	3,378	3,445	3,514
Metered Joint Sewer	1,860	1,915	1,976	1,979	2,214		2,303	2,395	2,443	2,491
Low-Pressure System Charge	105	106	106	106	106		106	106	106	106
<b>Total Service Charges</b>	<b>10,215</b>	<b>10,263</b>	<b>10,688</b>	<b>10,535</b>	<b>11,781</b>		<b>12,248</b>	<b>12,734</b>	<b>12,986</b>	<b>13,244</b>
Other Operating Revenues	50	437	81	238	235		235	240	245	250
<b>Total Operating Revenue</b>	<b>10,265</b>	<b>10,700</b>	<b>10,769</b>	<b>10,773</b>	<b>12,016</b>		<b>12,483</b>	<b>12,974</b>	<b>13,232</b>	<b>13,494</b>
<b>Operating Expenses</b>										
Plant Expenses	4,454	4,886	5,152	5,040	5,097	2%	5,199	5,303	5,409	5,517
Laboratory Expenses	293	285	298	301	343	2%	350	357	364	372
Collection Systems	1,212	1,080	1,190	1,199	1,290	2%	1,315	1,342	1,369	1,396
Selling, General & Administration	3,261	2,958	3,056	3,014	3,030	2%	3,090	3,152	3,215	3,279
<b>Total Operating Expenses</b>	<b>9,220</b>	<b>9,209</b>	<b>9,696</b>	<b>9,553</b>	<b>9,760</b>		<b>9,955</b>	<b>10,154</b>	<b>10,357</b>	<b>10,564</b>
<b>Cash Operating Income (Loss)</b>	<b>1,045</b>	<b>1,491</b>	<b>1,073</b>	<b>1,220</b>	<b>2,256</b>		<b>2,528</b>	<b>2,820</b>	<b>2,874</b>	<b>2,930</b>
Depreciation	2,835	2,911	3,052	2,940	3,020		3,102	3,183	3,242	3,292
<b>Operating Income (Loss)</b>	<b>(1,790)</b>	<b>(1,420)</b>	<b>(1,979)</b>	<b>(1,720)</b>	<b>(764)</b>		<b>(574)</b>	<b>(363)</b>	<b>(368)</b>	<b>(362)</b>
<b>Non-Operating Revenues (Expenses)</b>										
Interest Earned	16	4	8	3	3		4	4	4	4
Interest Expense	(314)	(354)	(421)	(379)	(434)		(455)	(478)	(492)	(498)
Gain (Loss) on Sale of Capital Assets	-	(0)	-	3	1		-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(298)</b>	<b>(351)</b>	<b>(413)</b>	<b>(373)</b>	<b>(430)</b>		<b>(451)</b>	<b>(474)</b>	<b>(488)</b>	<b>(494)</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>(2,088)</b>	<b>(1,771)</b>	<b>(2,392)</b>	<b>(2,093)</b>	<b>(1,194)</b>		<b>(1,025)</b>	<b>(837)</b>	<b>(856)</b>	<b>(856)</b>
Transfers (to) Capital Improvements Fund	(55)	(40)	(24)	(24)	(29)		(15)	(40)	(35)	(35)
<b>Capital Contributions</b>										
Benefits Charges	656	358	600	400	400		450	475	500	525
Grants in Aid of Construction	1,685	246	300	240	240		300	-	-	-
Non-Cash Capital Contributions	-	681	-	100	100		100	100	100	100
<b>Total Capital Contributions</b>	<b>2,341</b>	<b>1,286</b>	<b>900</b>	<b>740</b>	<b>740</b>		<b>850</b>	<b>575</b>	<b>600</b>	<b>625</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>198</b>	<b>(525)</b>	<b>(1,516)</b>	<b>(1,377)</b>	<b>(483)</b>		<b>(190)</b>	<b>(302)</b>	<b>(291)</b>	<b>(266)</b>
<b>Adjust Retained Earnings to a Cash Flow Basis</b>										
Add Back Depreciation	2,835	2,911	3,052	2,940	3,020		3,102	3,183	3,242	3,292
Changes in Working Capital	(419)	732	-	-	-		-	-	-	-
Principal Payment on Current Long-Term Debt	(1,662)	(1,623)	(1,582)	(1,499)	(1,613)		(1,725)	(1,843)	(1,966)	(2,069)
Non-Cash Capital Contributions	-	(681)	-	(100)	(100)		(100)	(100)	(100)	(100)
<b>Total Adjustments to Retained Earnings</b>	<b>754</b>	<b>1,339</b>	<b>1,470</b>	<b>1,341</b>	<b>1,307</b>		<b>1,277</b>	<b>1,240</b>	<b>1,176</b>	<b>1,123</b>
<b>Cash Available for Capital Outlay</b>	<b>952</b>	<b>813</b>	<b>(46)</b>	<b>(36)</b>	<b>824</b>		<b>1,087</b>	<b>938</b>	<b>885</b>	<b>857</b>
<b>Capital Outlay</b>										
Non-Growth Related	1,219	789	1,762	1,445	2,246		1,899	1,864	1,479	1,459
Growth Related	1,039	805	377	182	738		1,872	829	529	738
<b>Total Capital Outlay</b>	<b>2,258</b>	<b>1,594</b>	<b>2,140</b>	<b>1,628</b>	<b>2,983</b>		<b>3,771</b>	<b>2,693</b>	<b>2,008</b>	<b>1,988</b>
<b>Cash After Capital Outlay</b>	<b>(1,306)</b>	<b>(781)</b>	<b>(2,186)</b>	<b>(1,664)</b>	<b>(2,159)</b>		<b>(2,684)</b>	<b>(1,755)</b>	<b>(1,123)</b>	<b>(1,131)</b>
<b>Additional Funding</b>										
MDE Bond Financing	70	919	-	-	-		-	-	-	-
City Bond Financing	2,567	-	717	1,125	1,737		2,155	1,792	1,492	1,492
<b>Total Additional Funding</b>	<b>2,637</b>	<b>919</b>	<b>717</b>	<b>1,125</b>	<b>1,737</b>		<b>2,155</b>	<b>1,792</b>	<b>1,492</b>	<b>1,492</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 1,331</b>	<b>\$ 138</b>	<b>\$ (1,469)</b>	<b>\$ (539)</b>	<b>\$ (422)</b>		<b>\$ (529)</b>	<b>\$ 37</b>	<b>\$ 369</b>	<b>\$ 361</b>
Total Cash Balance - Beginning	\$ 263	\$ 1,594	\$ 1,732	\$ 1,732	\$ 1,194		\$ 772	\$ 243	\$ 280	\$ 649
Total Cash Balance - Ending	\$ 1,594	\$ 1,732	\$ 263	\$ 1,194	\$ 772		\$ 243	\$ 280	\$ 649	\$ 1,010
Unrestricted Cash Balance - Beginning	\$ 263	\$ 1,594	\$ 1,732	\$ 1,732	\$ 1,194		\$ 772	\$ 243	\$ 280	\$ 649
Unrestricted Cash Balance - Ending	\$ 1,594	\$ 1,732	\$ 263	\$ 1,194	\$ 772		\$ 243	\$ 280	\$ 649	\$ 1,010
Restricted Cash Balance - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Restricted Cash Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Dividend Affordability Formula:										
Operating & Maintenance Expenses	9,220	9,209	9,696	9,553	9,760		9,955	10,154	10,357	10,564
Reserved Retained Earnings (2 Months)	1,537	1,535	1,616	1,592	1,627		1,659	1,692	1,726	1,761
Cash in Excess of Reserve after Dividend	58	197	(1,352)	(399)	(855)		(1,417)	(1,413)	(1,077)	(751)

WASTEWATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ CHG %				
<b>Schedule A - Capital Outlay</b>										
<b>Capital Outlay</b>										
Sewer Vehicles-C0004	\$ -	\$ 22	\$ 567	\$ 550	307		105	200	115	95
Manhole Raising-C0267	-	-	34	34	36		36	36	36	36
Pump Station Improvements-C0299	-	-	57	57	218		55	55	55	55
Collection System Rehabilitation-C0327	311	417	300	300	400		1,600	400	400	400
East End Pump Station-C0565	-	-	-	-	-		375	300	0	0
WWTP/Enhanced Nutrient Removal-C0571	19	85	-	-	-		-	-	-	-
WWTP Equipment-C0584	41	11	125	125	150		125	100	100	100
Buildings & Structures-C0585	-	-	150	75	100		50	25	25	25
WWTP - Phase III - Disinfection-C0657	-	-	10	10	10		10	0	0	0
WWTP/Phase V/Solids Processing-C0711	10	13	150	50	1,050		1,050	1,000	1,000	1,000
Collection System Equipment-C0713	39	-	80	80	98		80	80	80	80
Edgewood Intersection (SHA)-C0744	-	19	-	-	-		-	-	-	-
Laboratory Equipment-C0745	-	53	10	5	10		20	20	20	20
WWTP Disinfection Improvements-C0748	1	50	-	-	-		-	-	-	-
Grinder Pump Replacement-C0767	88	96	115	115	162		162	162	162	162
SSES City Wide-C0800	1,749	588	300	-	300		-	-	-	-
Eliminate Pump Station #12-C0832	-	-	127	127	127		88	300	-	-
New Laterals-C0834	-	239	15	-	15		15	15	15	15
Final Clarifiers 4 & Weir Covers 6-C0845	-	-	100	100	-		-	-	-	-
<b>Total Capital Outlay</b>	<b>2,259</b>	<b>1,594</b>	<b>2,140</b>	<b>1,628</b>	<b>2,983</b>		<b>3,771</b>	<b>2,693</b>	<b>2,008</b>	<b>1,988</b>
<b>Schedule B - Capital Outlay Detail</b>										
<b>Capital Outlay Non-Growth Related</b>										
<b>Cash Funded</b>										
Sewer Vehicles-C0004	-	-	-	-	307		105	200	115	95
Manhole Raising-C0267	-	-	34	34	36		36	36	36	36
Pump Station Improvements-C0299	-	-	43	43	164		41	41	41	41
Collection System Rehabilitation-C0327	-	133	75	75	100		100	100	100	100
WWTP Equipment-C0584	-	-	76	76	-		-	-	-	-
Buildings & Structures-C0585	-	-	150	75	100		50	25	25	25
WWTP Phase III Disinfection-C0657	-	-	7	7	7		7	-	-	-
WWTP/Phase V/Solids Processing-C0711	-	9	-	-	-		-	-	-	-
Laboratory Equipment-C0745	-	-	10	5	10		20	20	20	20
Grinder Pump Replacement-C0767	-	26	30	30	50		50	50	50	50
Eliminate Pump Station #12-C0832	-	-	7	7	-		-	-	-	-
Narrow Band Radios-C0835	-	-	-	-	-		-	-	-	-
Final Clarifiers 4 & Weir Covers 6-C0845	-	-	100	100	-		-	-	-	-
<b>Total Cash Funding</b>	<b>0</b>	<b>169</b>	<b>531</b>	<b>451</b>	<b>774</b>		<b>409</b>	<b>472</b>	<b>387</b>	<b>367</b>
<b>Grants in Aid of Construction</b>										
WWTP/Enhanced Nutrient Removal-C0571	13	-	-	-	-		-	-	-	-
SSES City Wide-C0800	774	-	150	-	150		-	-	-	-
<b>Total Grant in Aid of Construction</b>	<b>787</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>150</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributions by Developers</b>										
Collection System Rehabilitation-C0327	-	-	-	-	-		-	-	-	-
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MDE Bond Funded</b>										
WWTP/Enhanced Nutrient Removal-C0571	-	60	-	-	-		-	-	-	-
WWTP - Phase IV - Headworks-C0572	-	-	-	-	-		-	-	-	-
WWTP Disinfection Improvements-C0748	1	35	-	-	-		-	-	-	-
Salem Ave. - Winter-Burhans-C0799	-	-	-	-	-		-	-	-	-
SSES City Wide-C0800	12	294	-	-	-		-	-	-	-
<b>Total MDE Bond Funding</b>	<b>13</b>	<b>389</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>City Bond Funded (Benefit Charge Advance)</b>										
Sewer Vehicles-C0004	-	22	567	550	-		-	-	-	-
Pump Station Improvements-C0299	-	-	-	-	-		-	-	-	-
Collection System Rehabilitation-C0327	156	75	75	75	100		350	100	100	100
WWTP Equipment-C0584	41	11	49	49	150		125	100	100	100
WWTP - Phase III - Disinfection-C0657	-	-	-	-	-		-	-	-	-
WWTP/Phase V/Solids Processing-C0711	7	-	105	35	735		735	700	700	700
Collection System Equipment-C0713	39	-	80	80	98		80	80	80	80
Laboratory Equipment-C0745	-	53	-	-	-		-	-	-	-
WWTP Disinfection Improvements-C0748	-	-	-	-	-		-	-	-	-
Grinder Pump Replacement-C0767	88	70	85	85	112		112	112	112	112
Salem Ave. - Winter-Burhans-C0799	-	-	-	-	-		-	-	-	-
SSES City Wide-C0800	89	-	-	-	-		-	-	-	-
Eliminate Pump Station #12-C0832	-	-	120	120	127		88	300	-	-
<b>Total City Bond Funding</b>	<b>420</b>	<b>231</b>	<b>1,081</b>	<b>994</b>	<b>1,322</b>		<b>1,490</b>	<b>1,392</b>	<b>1,092</b>	<b>1,092</b>
<b>Total Non-Growth Related Capital Outlay</b>	<b>\$ 1,219</b>	<b>\$ 789</b>	<b>\$ 1,762</b>	<b>\$ 1,445</b>	<b>\$ 2,246</b>		<b>\$ 1,899</b>	<b>\$ 1,864</b>	<b>\$ 1,479</b>	<b>\$ 1,459</b>

WASTEWATER FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ CHG %				
<b>Growth Related</b>										
<b>Grants in Aid of Construction</b>										
WWTP/Enhanced Nutrient Removal-C0571	6	-	-	-	-	-	-	-	-	-
SSES City Wide-C0800	774	-	150	-	150	-	-	-	-	-
<b>Total Grants in Aid of Construction</b>	<b>779</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributions by Developers</b>										
Collection System Rehabilitation-C0327	-	-	-	-	-	-	700	-	-	-
New Laterals-C0834	-	239	-	-	-	-	-	-	-	-
East End Pump Station-C0565	-	-	-	-	-	-	375	300	-	-
<b>Total Developer Contributions</b>	<b>-</b>	<b>239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,075</b>	<b>300</b>	<b>-</b>	<b>-</b>
<b>Benefit Charges/Restricted Cash Funded</b>										
Pump Station Improvements-C0299	-	-	14	14	55	-	14	14	14	14
Collection System Rehabilitation-C0327	156	133	75	75	100	-	100	100	100	100
WWTP - Phase III - Disinfection-C0657	-	-	3	3	3	-	3	-	-	-
WWTP/Phase V/Solids Processing-C0711	3	4	-	-	-	-	-	-	-	-
Edgewood Intersection (SHA)-C0744	-	19	-	-	-	-	-	-	-	-
WWTP Disinfection Improvements-C0748	-	-	-	-	-	-	-	-	-	-
Conrad Court Pump Station-C0769	-	-	-	-	-	-	-	-	-	-
Salem Ave. - Winter-Burhans-C0799	0	-	-	-	-	-	-	-	-	-
SSES City Wide-C0800	89	-	-	-	-	-	-	-	-	-
New Laterals-C0834	-	-	15	-	15	-	15	15	15	15
<b>Total Benefit Charge Funding</b>	<b>248</b>	<b>157</b>	<b>107</b>	<b>92</b>	<b>173</b>	<b>-</b>	<b>132</b>	<b>129</b>	<b>129</b>	<b>129</b>
<b>MDE Bond Funded</b>										
WWTP/Enhanced Nutrient Removal-C0571	-	26	-	-	-	-	-	-	-	-
WWTP - Phase IV - Headworks-C0572	-	-	-	-	-	-	-	-	-	-
WWTP Disinfection Improvements-C0748	0	15	-	-	-	-	-	-	-	-
Salem Ave. - Winter-Burhans-C0799	-	-	-	-	-	-	-	-	-	-
SSES City Wide-C0800	12	294	-	-	-	-	-	-	-	-
<b>Total MDE Bond Funding</b>	<b>12</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>City Bond Funded</b>										
Collection System Rehabilitation-C0327	-	75	75	75	100	-	350	100	100	100
East End Pump Station-C0565	-	-	-	-	-	-	-	-	-	-
WWTP - Phase III - Disinfection-C0657	-	-	-	-	-	-	-	-	-	-
WWTP/Phase V/Solids Processing-C0711	-	-	45	15	315	-	315	300	300	300
<b>Total City Bond Funding</b>	<b>-</b>	<b>75</b>	<b>120</b>	<b>90</b>	<b>415</b>	<b>-</b>	<b>665</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Total Growth Related Capital Outlay</b>	<b>1,039</b>	<b>805</b>	<b>377</b>	<b>182</b>	<b>738</b>	<b>-</b>	<b>1,872</b>	<b>829</b>	<b>529</b>	<b>529</b>
<b>Total Capital Outlay</b>	<b>\$ 2,259</b>	<b>\$ 1,594</b>	<b>\$ 2,140</b>	<b>\$ 1,628</b>	<b>\$ 2,983</b>	<b>\$ -</b>	<b>\$ 3,771</b>	<b>\$ 2,693</b>	<b>\$ 2,008</b>	<b>\$ 1,988</b>

PARKING FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- There are proposed rate increases included in the projections from current year budget FY 2013/14 to FY 2014/15 for the parking decks, lots, and special after hour's rates. Currently, the rates are as follows: deck rates are \$60/month or maximum \$8.00/day; lot rates are \$46/month; departmental charges (other City of Hagerstown departments) are \$45/month in the decks and \$34.50/month in the lots; and meter rates vary between \$0.50/hour to \$1.00/hour. The proposed new rates are as follows: deck rates to be \$62/month or maximum \$8.00/day; lot rates to be \$48/month; and after hours deck rates to be \$2 after 4 pm weekdays and Saturday. Sunday would become free parking the decks. The North Potomac Deck and Parking lots provide volume discounts of 10% for 10 passes/vehicles and 25% for 25+ passes/vehicles. Future revenues do include an estimate for increased usage by 1.5% annually beginning in FY 2015/16 through FY 2018/19.
- Mayor and Council are contemplating the construction of a third parking deck but discussions are still in the preliminary stages. So, funding sources have not yet been finalized. With the possible construction of a new parking deck, deck revenues would increase beginning for a half year in FY2016/17 with the completion of the new deck. The new revenues are not projected to be sufficient to cover the operating expenses plus new debt service requirements in this first partial year. The revenue calculation is based on 50% utilization of the 250 available spaces in the new deck for a portion of the year in FY2016/17 and annually after that. The estimations for the third deck revenue also include usage being primarily composed of daily rates and not monthly rentals of group spaces based on current development around the City. Additionally, new parking deck expenses and fees are included in the projections and are based on average expenditure trends reflected in our existing two decks. With the inclusion of a third parking deck, our projections include deficits in the future years that will begin to dwindle the Parking Fund cash balances.
- Total operating expenses (excluding depreciation) increased by 10.0% from the FY2013/14 budget compared to the budget proposed for FY2014/15. Primarily, this increase reflects a 2% COLA received by all non-union staff in July and a 2% COLA received by AFSCME 1540 members in August of FY2013/14. The proposed budget also includes a COLA and longevity steps for all Parking Fund employees in FY2014/15. The employer paid costs are also increasing for health insurance (8%) and dental insurance (3.5%). Based on historical trends, the projections include increases in future periods as well, and the overall estimated increase for each period from FY2014/15 through FY2018/19 is 2.5% annually.
- Depreciation expense has increased in our current fiscal year. This trend continues and is reflected in our 8.6% increase from FY2014/15 proposed budget to FY2013/14 budget. This increase is a result of new equipment investments and improvements made to an existing deck infrastructure. We anticipate that depreciation will increase significantly in future years as investment in a third parking deck (#56-C0173 in CIP section 9) is considered. As a result, depreciation expense reflects a growth of 75.9% from projected FY2015/16 to projected FY2016/17. In FY 2017/18 and FY 2018/19, minimal change is anticipated as a result of small capital investments.
- The investment interest rate is assumed to remain flat with no growth calculated due to the current economic market conditions.
- The future bond interest rates for the new parking deck are estimated at a rate of 4.25% and 4.50% over 30 years. Our projections include City issued governmental bonds to fund the construction of our third parking deck. The debt service impact is reflected in our interest expense and principal repayment figures.
- Based on the assumptions outlined above for both revenues and increasing expenses, our net increase (decrease) in retained earnings is estimated to decline from an anticipated gain of \$210K in FY2013/14 to a gain of \$159K in FY2014/15.

PARKING FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG%				
<b>Operating Revenues</b>										
<b>Parking Deck Revenues</b>										
<b>University District Parking Deck</b>										
Parking Deck Permits	165	222	220	220	220	1.5%	223	227	230	233
Parking Deck Fees	41	49	44	48	49	1.5%	50	75	102	103
Downtown Promotions	5	7	9	9	9	0.0%	9	9	9	9
General Free Parking	(18)	(34)	(24)	(36)	(36)	1.5%	(37)	(37)	(38)	(38)
Parking Deck Coupons	4	5	3	2	2	1.5%	2	2	2	2
<b>Arts &amp; Entertainment Parking Deck</b>										
Parking Deck Permits	136	121	115	130	130	1.5%	132	134	136	138
Parking Deck Fees	52	56	55	55	55	1.5%	56	82	108	110
Downtown Promotions	0	-	-	-	-	1.5%	-	0	-	0
PEP Parking Discount	(6)	(3)	(3)	(3)	(2)	1.5%	(2)	(2)	(2)	(2)
<b>Parking Deck III</b>										
Parking Deck Fees	-	-	-	-	-	-	-	94	188	188
<b>Total Parking Deck Revenue</b>	<b>379</b>	<b>422</b>	<b>418</b>	<b>424</b>	<b>426</b>		<b>432</b>	<b>582</b>	<b>733</b>	<b>741</b>
<b>Parking Meter &amp; Lot Revenues</b>										
Street Meters	105	104	100	110	110	1.5%	112	113	115	117
Free Parking	(3)	(3)	(3)	(3)	(3)	0.0%	(3)	(3)	(3)	(3)
Market House Lot	36	41	35	35	35	1.5%	36	36	37	37
Church Street Lot	45	47	46	46	47	1.5%	48	48	49	50
Rochester Lot	6	13	15	17	11	1.5%	11	12	12	12
Central Lot	93	93	85	100	100	1.5%	102	113	125	127
Antietam St. Lot	26	25	25	25	25	1.5%	25	26	26	27
Hospital Streets	-	3	-	-	-	1.5%	-	-	-	-
Bryan Centre Lot	0	0	1	0	0	0.0%	0	0	0	0
Departmental Charges	36	38	30	45	45	1.5%	46	46	47	48
<b>Total Parking Meter &amp; Lot Revenue</b>	<b>345</b>	<b>359</b>	<b>334</b>	<b>375</b>	<b>371</b>		<b>376</b>	<b>392</b>	<b>408</b>	<b>414</b>
<b>Parking Enforcement</b>	<b>129</b>	<b>155</b>	<b>167</b>	<b>145</b>	<b>145</b>	1.5%	<b>147</b>	<b>150</b>	<b>152</b>	<b>154</b>
<b>Other Operating Revenues</b>										
Other Revenues	3	-	2	6	10		9	9	9	9
<b>Total Other Operating Revenue</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>10</b>		<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total Operating Revenue</b>	<b>856</b>	<b>936</b>	<b>920</b>	<b>950</b>	<b>952</b>		<b>965</b>	<b>1,133</b>	<b>1,302</b>	<b>1,318</b>
<b>Operating Expenses</b>										
University District Parking Deck	154	114	126	127	138	2.5%	141	145	149	152
Arts & Entertainment Parking Deck	104	112	103	111	130	2.5%	133	137	140	143
Parking Deck III	36	-	-	-	-	2.5%	-	70	144	148
Parking Lots	119	129	137	141	150	2.5%	154	158	162	166
Parking Enforcement Expenses	41	57	59	62	48	2.5%	49	51	52	53
<b>Total Operating Expense</b>	<b>455</b>	<b>413</b>	<b>424</b>	<b>441</b>	<b>466</b>		<b>478</b>	<b>560</b>	<b>647</b>	<b>663</b>
<b>Cash Operating Income (Loss)</b>	<b>400</b>	<b>524</b>	<b>496</b>	<b>509</b>	<b>486</b>		<b>487</b>	<b>573</b>	<b>656</b>	<b>655</b>
Depreciation	247	202	496	236	267		273	480	486	490
<b>Operating Income (Loss)</b>	<b>154</b>	<b>322</b>	<b>0</b>	<b>273</b>	<b>219</b>		<b>214</b>	<b>92</b>	<b>169</b>	<b>165</b>
<b>Non-Operating Revenue (Expense)</b>										
Interest Earned	1	1	1	1	1		1	1	1	1
Interest Expense	(81)	(69)	(77)	(63)	(60)		(71)	(292)	(283)	(274)
<b>Total Non-Operating Revenue (Expense)</b>	<b>(80)</b>	<b>(68)</b>	<b>(77)</b>	<b>(63)</b>	<b>(59)</b>		<b>(70)</b>	<b>(292)</b>	<b>(283)</b>	<b>(273)</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>74</b>	<b>254</b>	<b>(77)</b>	<b>210</b>	<b>159</b>		<b>144</b>	<b>(200)</b>	<b>(113)</b>	<b>(108)</b>
<b>Transfers From (To) Other Funds</b>										
Transfers from General Fund	-	-	-	-	-		-	-	-	-
Transfers from CIP Fund	35	-	-	-	-		-	-	-	-
<b>Total Transfers From (To) Other Funds</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Contributions</b>										
Grants in Aid of Construction	69	-	350	-	-		-	-	-	-
<b>Capital Contributions</b>	<b>69</b>	<b>-</b>	<b>350</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>178</b>	<b>254</b>	<b>273</b>	<b>210</b>	<b>159</b>		<b>144</b>	<b>(200)</b>	<b>(113)</b>	<b>(108)</b>

PARKING FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG%				
<b>Adjust to a Cash Flow Basis</b>										
Add Back Depreciation	\$ 247	\$ 202	\$ 496	\$ 236	\$ 267		\$ 273	\$ 480	\$ 486	\$ 490
Changes in Working Capital	(4)	(21)	-	-	-		-	-	-	-
Prin. Pay on Current Long-Term Debt.	(362)	(172)	(174)	(143)	(155)		(162)	(513)	(526)	(533)
<b>Total Adjustments to Retained Earnings</b>	<b>(120)</b>	<b>9</b>	<b>322</b>	<b>93</b>	<b>112</b>		<b>111</b>	<b>(33)</b>	<b>(40)</b>	<b>(43)</b>
<b>Cash Available for Capital Outlay</b>	<b>58</b>	<b>263</b>	<b>596</b>	<b>303</b>	<b>271</b>		<b>255</b>	<b>(233)</b>	<b>(153)</b>	<b>(151)</b>
<b>Capital Outlay</b>										
Arts & Entertainment Parking Deck	69	-	-	-	-		-	-	-	-
Parking Facilities 3rd Parking Deck - C0173	-	-	1,400	-	-		1,575	8,425	-	-
University District Parking Deck - C0749	-	-	30	300	30		30	30	30	30
Vehicles/Equipment - C0829	-	20	-	-	20		20	25	-	-
Parking Way Finding Signs - C0848	-	-	30	30	-		-	-	-	-
Parking Lot Improvements - C0857	-	-	-	-	30		60	30	30	15
<b>Total Capital Outlay</b>	<b>69</b>	<b>20</b>	<b>1,460</b>	<b>330</b>	<b>80</b>		<b>1,685</b>	<b>8,510</b>	<b>60</b>	<b>45</b>
<b>Cash After Capital Outlay</b>	<b>(11)</b>	<b>243</b>	<b>(864)</b>	<b>(27)</b>	<b>191</b>		<b>(1,430)</b>	<b>(8,743)</b>	<b>(213)</b>	<b>(196)</b>
<b>Additional Funding</b>										
Bond Financing	-	-	500	100	-		1,575	8,425	-	-
<b>Total Additional Funding</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>100</b>	<b>-</b>		<b>1,575</b>	<b>8,425</b>	<b>-</b>	<b>-</b>
<b>Net Surplus (Deficit)</b>	<b>\$ (11)</b>	<b>\$ 243</b>	<b>\$ (364)</b>	<b>\$ 73</b>	<b>\$ 191</b>		<b>\$ 145</b>	<b>\$ (318)</b>	<b>\$ (213)</b>	<b>\$ (196)</b>
Beginning Cash Balance	\$ 165	\$ 154	\$ 397	\$ 397	\$ 470		\$ 661	\$ 806	\$ 489	\$ 276
Ending Cash Balance	\$ 154	\$ 397	\$ 32	\$ 470	\$ 661		\$ 806	\$ 489	\$ 276	\$ 80

GOLF COURSE FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- The last rate increases implemented at the Golf Course were on July 1, 2012. There are no other rate increases included in the projections through FY2018/19. However, higher revenues are expected due to upgrades and increased advertising efforts. The operating revenue proposed in FY2014/15 budget remains flat compared to estimated actuals for FY2013/14. Thereafter, increases are anticipated annually from FY2015/16 through FY2018/19 by 5.3%, 1.7%, 6.7% and 6.5% respectively.
- Total operating expense (excluding depreciation) dropped 7.6% from current FY2013/14 budget to proposed FY2014/15 budget. During the winter months that the Golf Course is closed, the two full-time employees will be utilized throughout the Parks and Recreation department. As a result of transferring the staff during these months, there will be a decrease in expenses. Beginning in FY2015/16, the increase in total expenses range annually from 2.7%, 4.0%, 3.1%, and 3.5% in FY2018/19. The increase reflects salary enhancements in each year of 3.3%, 3.3%, 2.5%, and 3.0% respectively. In addition, several category of expenses (Material, Supplies, & Utilities; Maintenance & Repairs; Vehicle Operating Expenses; and Contracted Services) are anticipated to increase based on historical trends and inflation factors.
- Depreciation expense is a reflection of investment in capital infrastructure and renovation. Therefore, the projections for depreciation reflect an increase of 76.6% or \$16,608 in FY2014/15 budget compared to current FY2013/14 budget. At the time the budget was prepared for FY2013/14, final depreciation was not known for the clubhouse renovations. Looking forward in the projections, there is a 5.3% increase in FY2015/16 for the replacement of a bridge and the installation of a net. Beginning in FY2016/17 through FY2018/19, there are smaller increases of just 2.3%-2.5% as the budgets only include smaller amounts of capital investments in vehicle and equipment replacements.
- The investment interest rate is assumed to remain flat with no growth calculated due to the current market conditions. As a result of the low cash balances within the Golf Course fund, interest earned will stay well below \$1,000.
- The Golf Course currently has no debt service and is not estimated to incur any through FY 2018/19.
- Currently, the Golf Course receives a general fund subsidy and it will be necessary to continue this subsidy through FY 2018/19 based on the projections and trends. However, the proposed budget for FY 2014/15 is \$58K or approximately 22% less than current FY 2013/14 projections. It is expected that this general fund subsidy will lessen and become flat in future periods.
- Based on the assumptions outlined above for both revenues and increasing expenses, our net increase (decrease) in retained earnings is estimated to decrease from a breakeven of \$0 in FY 2014/15 to a loss of <\$10K> in FY 2015/16.

GOLF COURSE FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET						
<b>Operating Revenues</b>											
Green Fees	\$ 76	\$ 84	\$ 87	\$ 77	\$ 82		\$ 87	\$ 90	\$ 102	\$ 115	
Cart Rentals	38	45	47	47	47		47	47	47	47	
Tournaments & Specials	27	37	30	37	37		37	37	37	37	
Other Revenues	8	12	25	25	21		26	27	28	28	
<b>Total Operating Revenues</b>	<b>149</b>	<b>178</b>	<b>189</b>	<b>186</b>	<b>187</b>		<b>197</b>	<b>200</b>	<b>214</b>	<b>228</b>	
<b>Operating Expenses</b>											
Personnel Services	166	164	151	142	139		143	148	152	156	
Wage & O/H Allocation	(8)	11	-	15	(22)		(22)	(22)	(22)	(22)	
Fringe Benefits	73	58	73	73	78		83	87	91	95	
Materials, Supplies, & Utilities	48	111	87	87	87	3.0%	90	92	95	98	
Maintenance & Repairs	2	2	4	4	4	2.0%	4	4	4	4	
Vehicle Operating Expenses	22	23	19	19	19	1.5%	19	20	20	21	
Advertising & Printing	7	9	3	6	8		3	3	3	3	
Machinery & Equipment Rentals	24	17	25	25	18		20	21	21	22	
Contracted Services	14	15	25	25	26	2.5%	26	27	28	29	
Professional Development	-	-	-	-	-		-	-	-	-	
Other General Expenses	6	10	8	11	9		9	10	10	11	
Insurance	6	2	2	2	3		3	3	3	3	
Communication Expenses	-	1	-	-	-		1	1	1	1	
Operating Capital Expenditures	5	-	-	-	-		-	-	-	-	
Depreciation	23	30	22	35	38		40	41	42	43	
<b>Total Operating Expenses</b>	<b>388</b>	<b>453</b>	<b>419</b>	<b>444</b>	<b>407</b>		<b>419</b>	<b>435</b>	<b>448</b>	<b>464</b>	
<b>Operating Income (Loss)</b>	<b>(239)</b>	<b>(275)</b>	<b>(230)</b>	<b>(258)</b>	<b>(220)</b>		<b>(222)</b>	<b>(235)</b>	<b>(235)</b>	<b>(236)</b>	
<b>Non-Operating Revenues (Expense)</b>											
Interest Earned	-	-	-	-	-		-	-	-	-	
Gain (Loss) on Capital Assets	-	1	-	-	-		-	-	-	-	
<b>Total Non-Operating Revenue (Expense)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Transfers From (To) Other Funds</b>											
Transfers from General Fund	216	272	200	258	200		212	224	213	213	
Transfers from CIP Fund	74	3	-	-	-		-	-	-	-	
<b>Total Transfers From (To) Other Funds</b>	<b>290</b>	<b>275</b>	<b>200</b>	<b>258</b>	<b>200</b>		<b>212</b>	<b>224</b>	<b>213</b>	<b>213</b>	
<b>Capital Contributions</b>											
Grants in Aid of Construction	-	-	-	-	-		-	-	-	-	
Non-cash Developer Contributions	1	-	-	-	20		-	-	-	-	
<b>Total Capital Contributions</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Increase (Decrease) in Retained Earnings</b>	<b>52</b>	<b>1</b>	<b>(30)</b>	<b>-</b>	<b>-</b>		<b>(10)</b>	<b>(11)</b>	<b>(22)</b>	<b>(23)</b>	
<b>Adjust to Cash Flow Basis</b>											
Add Back Depreciation	23	30	22	35	38		40	41	42	43	
Prior Year Bond Proceeds	-	-	-	-	-		-	-	-	-	
Non-Cash Capital Contributions	-	-	-	-	-		-	-	-	-	
Changes in Working Capital	(6)	(19)	-	-	-		-	-	-	-	
<b>Total Adjustment to Retained Earnings</b>	<b>17</b>	<b>11</b>	<b>22</b>	<b>35</b>	<b>38</b>		<b>40</b>	<b>41</b>	<b>42</b>	<b>43</b>	
<b>Cash Available for Capital Outlay</b>	<b>69</b>	<b>12</b>	<b>(8)</b>	<b>35</b>	<b>38</b>		<b>30</b>	<b>30</b>	<b>20</b>	<b>20</b>	
<b>Capital Outlay</b>											
Vehicle/Equipment Replace - C0395	-	29	40	40	-		30	30	20	20	
Golf Course Bridge Replace - C0669	-	-	-	-	30		-	-	-	-	
Golf Course Net - C0670	-	-	-	-	32		-	-	-	-	
Clubhouse Improvements - C0824	74	5	-	-	-		-	-	-	-	
Golf Cart Storage Pavilion - C0825	-	-	-	-	-		-	-	-	-	
<b>Total Capital Outlay</b>	<b>74</b>	<b>34</b>	<b>40</b>	<b>40</b>	<b>62</b>		<b>30</b>	<b>30</b>	<b>20</b>	<b>20</b>	
<b>Net Surplus (Deficit)</b>	<b>\$ (5)</b>	<b>\$ (22)</b>	<b>\$ (48)</b>	<b>\$ (5)</b>	<b>\$ (24)</b>		<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (0)</b>	
Beginning Cash	\$ 61	\$ 56	\$ 34	\$ 34	\$ 29		\$ 5	\$ 5	\$ 5	\$ 6	
Ending Cash	\$ 56	\$ 34	\$ (14)	\$ 29	\$ 5		\$ 5	\$ 5	\$ 6	\$ 6	
Self Supporting Level	38.4%	39.3%	45.1%	41.9%	45.9%		47.0%	46.0%	47.7%	49.1%	

PROPERTY MANAGEMENT FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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- Overall, rental revenue projections are estimated to be flat from FY2014/15 proposed budget compared to projected FY2015/16. Currently, there are two (2) tenants that have lease expiration dates during FY2014/15. However, the projections reflect continued rental income from all currently occupied spaces through FY2018/19 as leases will either be renegotiated or new tenants will be found. At this time, there are several areas that are occupied for just a \$1.00 per year or for no cost (Fire Police Headquarters on Valley Road, City of Hagerstown Police Auxiliary, and City Ballet school storage space).
- Total operating expenses (excluding depreciation) decreased by 4.3% from the FY2013/14 budget compared to the budget proposed for FY2014/15. Primarily, this decrease is due to selling the building on Public Square which results in less tenant revenue and less operational expenses associated with the maintenance. Based on historical trends, the projections include increases in beginning in FY2015/16, and the overall estimated increase for each period from FY 2015/16 through FY2018/19 is 2.0%.
- Depreciation expense decreased by 3.4% or \$5,000 from the FY2013/14 budget compared to the budget proposed for FY2014/15 due to timing and completion of improvements at 60 W Washington Street and 36/40 North Potomac Street. It is estimated that depreciation will increase slightly by 1.2% in projections for FY2015/16. Finally, depreciation expense is estimated to increase by 0.9% in FY2016/17 and 3.5% in FY2018/19 based on the timing and amount of infrastructure and building improvements.
- The investment interest rate is assumed to remain flat with no growth calculated due to the current market conditions.
- All bond issues under Property Management were paid in full during FY2011/12. As reflected in our projections, all capital improvement projects and capital outlay expenditures will be covered by fund balance in the Property Management Fund, or transfers from CDBG and Economic Redevelopment Funds. At this time, there is no future debt issues included in our projections through FY2018/19. However as reflected in the projections, it is anticipated that adjustments will become necessary in FY2016/17 in order for Property Management to remain self-supporting. A bond issue may become necessary to complete all currently anticipated improvements.
- Based on the assumptions outlined above for both revenues and expenses, our net increase (decrease) in retained earnings is estimated to improve from an anticipated loss of <\$721K> in FY2014/15 to a loss of <\$190K> in FY2015/16.

PROPERTY MANAGEMENT FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
INCOME STATEMENT  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET	PROJ. CHG%				
<b>Operating Revenues</b>										
Rent - 2-6 N Potomac Street, 1st Floor	\$ 156	\$ 157	\$ 162	\$ 162	\$ 162		\$ 162	\$ 166	\$ 166	\$ 166
Rent - 14 N Potomac Street, Suite 200A/B	-	46	20	20	20		20	21	21	22
Rent - 14 N Potomac Street, Suite B-2	26	26	27	26	27		28	28	28	28
Rent - 16 Public Square	14	14	14	1	-		-	-	-	-
Rent - 12 Public Square	13	11	14	1	-		-	-	-	-
Rent - 6 N Potomac Street	19	19	19	19	19		19	19	19	19
Rent - 14 N Potomac Street, Suite B-3	27	27	27	27	27		27	27	28	28
Rent - 10 Public Square (Common Area)	3	3	3	0	-		-	-	-	-
Rent - 17 E Franklin Street	8	8	8	8	9		8	9	9	9
Rent - 25 E Franklin Street	4	-	-	-	-		-	-	-	-
Rent - 11 Public Square, Suite 300	20	-	-	-	-		-	-	-	-
Rent - 14 N Potomac Street, Suite 200B Room 59	2	2	2	2	2		2	2	2	2
Rent - 14 N Potomac Street, Suite 200B	7	6	6	3	-		-	-	-	-
Rent - 60 W Washington Street, Suite 102	6	7	7	7	7		7	8	8	8
Rent - 790-800 Potomac Avenue	12	14	-	-	-		-	-	-	-
Rent - 40 N Potomac Street	20	18	22	18	20		19	20	20	21
Rent - 60 W Washington Street, Rear	-	23	30	30	30		30	30	32	32
Rent - 38 N Potomac Street	-	-	-	2	5		-	-	-	-
Miscellaneous Revenues	7	5	2	4	3		3	3	3	3
<b>Total Operating Revenues</b>	<b>345</b>	<b>386</b>	<b>363</b>	<b>330</b>	<b>331</b>		<b>326</b>	<b>333</b>	<b>336</b>	<b>337</b>
<b>Operating Expenses</b>										
<i>Needed Budget Adjustment</i>	-	-	-	-	-		-	(59)	(164)	(80)
Rental Properties Operational Expense	463	502	385	364	368		376	383	391	399
Depreciation	114	163	145	140	140		142	143	143	148
<b>Total Operating Expenses</b>	<b>576</b>	<b>665</b>	<b>530</b>	<b>504</b>	<b>508</b>		<b>517</b>	<b>467</b>	<b>370</b>	<b>467</b>
<b>Operating Income (Loss)</b>	<b>(231)</b>	<b>(279)</b>	<b>(166)</b>	<b>(174)</b>	<b>(178)</b>		<b>(191)</b>	<b>(135)</b>	<b>(34)</b>	<b>(130)</b>
<b>Non-Operating Revenues (Expenses)</b>										
Interest Earned	20	17	4	-	-		2	2	2	2
Interest Expense	(1)	-	-	-	-		-	-	-	-
Loss on Disposal of Capital Assets	-	(1,371)	-	(513)	-		-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>20</b>	<b>(1,354)</b>	<b>4</b>	<b>(513)</b>	<b>-</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>(212)</b>	<b>(1,633)</b>	<b>(163)</b>	<b>(687)</b>	<b>(178)</b>		<b>(190)</b>	<b>(133)</b>	<b>(33)</b>	<b>(128)</b>
<b>Transfers From (To) Other Funds</b>										
Operating Transfers from Other Funds	42	22	22	22	22		-	-	-	-
Capital Transfers from Other Funds	936	621	110	98	-		-	-	-	-
Operating Transfers to Other Funds	(12)	-	-	(60)	(200)		-	-	-	-
Capital Transfers to Other Funds	-	-	-	-	(365)		-	-	-	-
<b>Total Transfers From (To) Other Funds</b>	<b>965</b>	<b>643</b>	<b>132</b>	<b>60</b>	<b>(543)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Contributions</b>										
Grants in Aid of Construction	61	116	38	177	-		-	-	-	-
Non-cash Capital Contributions	2,033	-	-	-	-		-	-	-	-
<b>Total Capital Contributions</b>	<b>2,095</b>	<b>116</b>	<b>38</b>	<b>177</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>\$ 2,848</b>	<b>\$ (875)</b>	<b>\$ 7</b>	<b>\$ (450)</b>	<b>\$ (721)</b>		<b>\$ (190)</b>	<b>\$ (133)</b>	<b>\$ (33)</b>	<b>\$ (128)</b>
<b>Adjust to a Cash Flow Basis</b>										
Add Back Depreciation	114	163	145	140	140		142	143	143	148
Changes in Working Capital	92	1,924	-	513	-		-	-	-	-
Principal Payments on Long-term Debt	(37)	-	-	-	-		-	-	-	-
Non-Cash Capital Contributions	(2,033)	-	-	-	-		-	-	-	-
<b>Total Adjustments to Retained Earnings</b>	<b>(1,864)</b>	<b>2,087</b>	<b>145</b>	<b>653</b>	<b>140</b>		<b>142</b>	<b>143</b>	<b>143</b>	<b>148</b>
<b>Cash Available for Capital Outlay</b>	<b>984</b>	<b>1,212</b>	<b>152</b>	<b>203</b>	<b>(581)</b>		<b>(48)</b>	<b>10</b>	<b>110</b>	<b>20</b>
<b>Capital Outlay</b>										
AFC Fire Station - C00731	-	-	-	-	-		-	-	-	-
Elizabeth Hager Center - C0803	-	-	20	-	50		20	20	20	20
Hagerstown Small Business Center - C0828	183	565	38	174	-		-	5	90	-
36-40 N Potomac Street - C0836	348	526	110	101	35		-	-	-	-
<b>Total Capital Outlay</b>	<b>531</b>	<b>1,091</b>	<b>168</b>	<b>275</b>	<b>85</b>		<b>20</b>	<b>30</b>	<b>110</b>	<b>20</b>
<b>Net Surplus (Deficit)</b>	<b>\$ 453</b>	<b>\$ 122</b>	<b>\$ (16)</b>	<b>\$ (72)</b>	<b>\$ (666)</b>		<b>\$ (68)</b>	<b>\$ (20)</b>	<b>\$ 0</b>	<b>\$ (0)</b>
Beginning Cash Balance	\$ 251	\$ 704	\$ 826	\$ 826	\$ 754		\$ 88	\$ 20	\$ 0	\$ 1
Ending Cash Balance	\$ 704	\$ 826	\$ 810	\$ 754	\$ 88		\$ 20	\$ 0	\$ 1	\$ 1

HEALTH CARE FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
ASSUMPTIONS

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**Health Care Fund Coverage**

**Structure:** The Health Care Fund was created in 2000 to manage the City's self-insurance program for health care. Under this self-funded plan the City pays a standard monthly administrative fee for each covered member and accepts claim risk up to a specific stop loss for each individual covered. In addition, there is a second level of insurance called the aggregate stop loss which assures that the City does not pay more than the maximum projected expenses. Administratively, all City departments are billed pre-established internal "insurance" rates for their department's share of cost of insurance for its employees, retiree and dependents. Similarly, the active employees and retirees pay internal "insurance" rates for their share of dependent coverage and their individual coverage (20%). These billings represent funding sources for the Health Care Fund from which all health care related administrative and medical reimbursement costs are paid.

**Health Insurance Plan Options**

Active employees have the option of choosing between the City's Level Plan and a less costly 'Plus' Plan. The City pays the Level Plan cost at 80% for each individual active employee and between 43% and 48% for the dependents of an active employee. Retirees and their dependents under 65 are enrolled in the City's "80/20" Plan with a similar cost sharing arrangement. The City provides a \$4,800 annual stipend to all retirees and their spouses over 65. These retirees and their spouses can choose to use this stipend to partially pay for their coverage in the City's Medicare supplementary health insurance plan or can use this stipend to help pay for a health insurance policy which they privately purchase.

**Claims ("Run Out") Reserve Policy**

The Claims ("Run Out") Reserve is defined as costs incurred at the end of a fiscal year which due to timing will be paid out in the following year. If the City would decide to change back to a traditional insurance coverage plan, this would be the cost amount left to be paid out from previous year billings to the City departments, its active employees and retirees. To properly match revenues and costs, and to minimize the cost effect of changing back to a traditional insurance plan, the City attempts to provide for a "Run-Out" Reserve approximately equivalent to two months of its Medical Expense Reimbursement expenditures. To be effective, the liability for this reserve on the Health Care Fund's balance sheet must be fully offset by an equal cash balance.

**Estimated Actual Projections**

At the end of Fiscal Year 2013/14, the City projects cash balances of \$3.5 million which will provide future funding for any required Claims Reserve. Additionally, our fund balance reserve is estimated to remain flat at \$2.1 million.

**Proposed Fiscal Year 2014/15 Budget**

We project a deficit in Fiscal Year 2014/2015. We anticipate growing premiums and claims costs to rise as the overall national trend in healthcare coverage and costs climbs. At the end of Fiscal Year 2014/15, we estimate a fund balance reserve of \$1.8 million and cash of approximately \$3.2 million. The City will be transitioning from Carefirst Insurance Administrators to United Healthcare.

**Four Year Forecast Beyond Proposed Fiscal Year 2014/15 Budget**

As a result of our recent claims expense trends and uncertainty regarding the financial impact of Healthcare Reform, the projections into the future include 5.0% increases.

**New Accounting Rules for Other Post Employment Benefits (GASB 43)**

Like pension benefits, City employees and their dependents receive health and dental benefits after retirement based upon years of employment with the City. In fiscal year (2008/09), the City had to conform to new accounting rules to remain in compliance with generally accepted accounting procedures. These accounting rules changed how the City accounts for the cost of its post employment benefits. Instead of recognizing these expenses when paid, we had to begin to recognize the expenses as they are earned. The City annually contracts with an actuarial firm, CBIZ Benefits & Insurance Services, Inc., to calculate the City's Annual Required Contribution (ARC). The additional annual required contribution (ARC) for the City to fund our OPEB liability is reflected as a separate line item in our financial projections. Per our actuary's report, we provided \$650,000 in Fiscal Year 2013/14 estimated actual for this additional annual required contribution. Based on the current structure of our Health Insurance Fund's plan, we expect that the required ARC will increase.

HEALTH CARE FUND PROJECTIONS  
FISCAL YEAR 2015/2019  
PROPOSED EXPENSES & REVENUES  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018/19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET						
<b>Premium Revenues</b>								5.00%	5.00%	5.00%	5.00%
Premium Revenues - City	\$ 4,449	\$ 4,705	\$ 5,880	\$ 5,376	\$ 5,836		\$ 6,128	\$ 6,434	\$ 6,756	\$ 7,094	
Premium Revenues - Employees	1,130	1,123	1,242	1,155	1,158		1,181	1,240	1,302	1,367	
Premium Revenues - Retirees	230	220	240	241	241		253	266	279	293	
<b>Total Premium Revenue</b>	<b>5,809</b>	<b>6,048</b>	<b>7,362</b>	<b>6,772</b>	<b>7,235</b>		<b>7,562</b>	<b>7,940</b>	<b>8,337</b>	<b>8,754</b>	
Interest From Investments	21	4	12	3	3	1.5%	3	3	3	3	
Prescription Rebates	74	64	73	73	90	2.5%	92	95	97	99	
Stop Loss Reimbursement	-	76	16	5	16		21	26	31	36	
Miscellaneous Revenue	-	-	1	-	-	0.0%	-	-	-	-	
<b>Total Revenue</b>	<b>5,904</b>	<b>6,192</b>	<b>7,464</b>	<b>6,853</b>	<b>7,344</b>		<b>7,678</b>	<b>8,064</b>	<b>8,468</b>	<b>8,892</b>	
Administrative Expenses	345	342	351	396	408	3.0%	420	433	446	459	
Premium Expenses	246	205	257	229	250	3.0%	258	265	273	281	
Medical Expense Reimbursement	4,856	5,593	5,927	5,231	6,175	5.0%	6,484	6,808	7,148	7,506	
Health Savings Account Contributions	17	19	18	20	20		23	25	28	30	
Claims Reserve Expense	(14)	803	74	74	75	2.0%	77	78	80	81	
Transfer to General Fund	-	25	55	35	55		55	55	55	55	
Other Post Employment Benefits Contributions	650	650	650	650	650	2.5%	666	683	700	717	
<b>Total Expenses</b>	<b>6,100</b>	<b>7,637</b>	<b>7,332</b>	<b>6,635</b>	<b>7,633</b>		<b>7,982</b>	<b>8,347</b>	<b>8,729</b>	<b>9,130</b>	
<b>Operating Income (Loss)</b>	<b>(196)</b>	<b>(1,445)</b>	<b>132</b>	<b>218</b>	<b>(289)</b>		<b>(303)</b>	<b>(283)</b>	<b>(261)</b>	<b>(237)</b>	
<b>Increase (Decrease) in Retained Earnings</b>	<b>\$ (196)</b>	<b>\$ (1,445)</b>	<b>\$ 132</b>	<b>\$ 218</b>	<b>\$ (289)</b>		<b>\$ (303)</b>	<b>\$ (283)</b>	<b>\$ (261)</b>	<b>\$ (237)</b>	
Beginning Fund Balance	3,551	3,355	1,909	1,909	2,127		1,838	1,535	1,251	990	
<b>Ending Fund Balance</b>	<b>3,355</b>	<b>1,909</b>	<b>2,041</b>	<b>2,127</b>	<b>1,838</b>		<b>1,535</b>	<b>1,251</b>	<b>990</b>	<b>753</b>	
<b>Ending Cash Balance</b>	<b>\$ 3,924</b>	<b>\$ 3,285</b>	<b>\$ 3,417</b>	<b>\$ 3,503</b>	<b>\$ 3,214</b>		<b>\$ 2,911</b>	<b>\$ 2,627</b>	<b>\$ 2,366</b>	<b>\$ 2,129</b>	

DENTAL INSURANCE FUND  
FISCAL YEAR 2015/2019  
PROPOSED EXPENSES & REVENUES  
(IN THOUSANDS)

	2011/12 ACTUAL	2012/13 ACTUAL	2013/14		2014/15		PROJ. CHG%	2015/16 PROJ.	2016/17 PROJ.	2017/18 PROJ.	2018//19 PROJ.
			REVISED BUDGET	EST. ACTUAL	PROPOSED BUDGET						
<b>Premium Revenues</b>								2.50%	2.50%	2.50%	2.50%
Premium Revenues - City	\$ 146	\$ 180	\$ 187	\$ 182	\$ 189		\$ 194	\$ 199	\$ 204	\$ 209	
Premium Revenues - Employees	145	144	152	146	144		148	151	155	159	
Premium Revenues - Retirees	53	58	60	60	62		64	65	67	68	
<b>Total Premium Revenue</b>	<b>344</b>	<b>382</b>	<b>399</b>	<b>388</b>	<b>395</b>		<b>405</b>	<b>415</b>	<b>425</b>	<b>436</b>	
Interest From Investments	-	-	-	-	-		1	1	1	1	
<b>Total Revenue</b>	<b>344</b>	<b>382</b>	<b>399</b>	<b>388</b>	<b>395</b>		<b>406</b>	<b>416</b>	<b>426</b>	<b>437</b>	
Administrative Expenses	4	43	36	21	24	3.0%	25	25	26	27	
Medical Expense Reimbursement	350	348	320	345	370	2.5%	379	389	398	408	
Claims Reserve Expense	11	16	-	5	5		-	-	-	-	
<b>Total Expenses</b>	<b>365</b>	<b>407</b>	<b>356</b>	<b>371</b>	<b>399</b>		<b>404</b>	<b>414</b>	<b>425</b>	<b>435</b>	
<b>Increase (Decrease) in Retained Earnings</b>	<b>\$ (21)</b>	<b>\$ (25)</b>	<b>\$ 43</b>	<b>\$ 17</b>	<b>\$ (4)</b>		<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>	
Beginning Fund Balance	78	57	32	32	49		45	47	49	50	
<b>Ending Fund Balance</b>	<b>57</b>	<b>32</b>	<b>75</b>	<b>49</b>	<b>45</b>		<b>47</b>	<b>49</b>	<b>50</b>	<b>52</b>	
<b>Ending Cash Balance*</b>	<b>\$ 81</b>	<b>\$ 70</b>	<b>\$ 113</b>	<b>\$ 87</b>	<b>\$ 83</b>		<b>\$ 85</b>	<b>\$ 87</b>	<b>\$ 88</b>	<b>\$ 90</b>	

\*Ending Cash balance includes \$31,300 currently on deposit with United Concordia.

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**SCHEDULE OF FEES AND SERVICE CHARGES  
SECTION 8**

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SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>CITY CLERK</b>						
<b>01030022 - 4271</b> Auctioneer-to Conduct an Auction Annual Fee	1992	\$25	None	\$ 3,345	Baltimore County: \$180	Ordinance
Peddler:						Ordinance
Peddler (Door-to-Door) Annual Fee	2014	\$250	None		Salisbury: \$25 + \$1,000 Surety Bond	
Vendor (Stand or Truck) Annual Fee	2014	\$250	None			
Temporary Peddler Daily Fee	2014	\$25	None			
Transient Dealer Annual Fee	2014	\$1,000-\$3,500	None			Ordinance
Parade Per Event Fee	1992	\$125	None	(Waived)	Salisbury: \$10	Ordinance
Circus/Carnival Weekly Fee	1992	\$125	None		Salisbury: \$75/day	Ordinance
Special Sales(Auctions, Going-out-of Business, Etc.)	1992	\$125	None			Ordinance
Theatre Annual Fee	1967	\$100	None		Salisbury: \$50/day	Ordinance
<b>01030022 - 4221</b> Utility License Annual Fee	2007	\$4,500	None	\$ 14,500	For all private & City owned utilities	Resolution
<b>01030022 - 4221</b> City Code Annual Fee	1990	\$125	None	\$ -		Admin Order
City Code Supplement	1998	\$40	None			Admin Order
<b>01030021 - 489903</b> Souvenirs/Maps		Various	None	\$ -		

**SUPPORT SERVICES**

<b>01070022 - 4494</b> Bad Check Fee Per Check (To compensate the City for Bank charges & employee time)	2007	\$37.50	None	\$ 450	\$35-\$39 Area Banks	Admin Order
<b>01072062 - 4490</b> Pay-By-Phone Transaction Fee	2012	\$5	\$7	\$ 15,790	Potomac Edison \$7	Admin Order
<b>01072062-449001</b> New Fee Credit Card Convenience Fee	2014		\$2	\$ -	Pending ability for MUNIS online system to accept and apply fee.	Admin Order

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

<b>10000002 - 441596</b> Loan Application Fees: Multifamily Residence Mixed Use or Commercial Economic Development	1986	\$50 \$50 \$100	None None None	\$ 3,000	Cumberland - No Fees Frederick - No similar program. They outsource to their local Community Action Council.	Admin Order
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**BUSINESS REVOLVING LOAN FUND**

<b>14000001 - 4899</b> Miscellaneous Revenue Based on loan request amount: \$5,000- 50,000 \$50,001- 100,000 \$100,001- 150,000 \$150,001 - 200,000	2001	\$100 \$150 \$200 \$250	None None None None	\$ -	Frederick - \$200 Flat Fee	Admin Order
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**PLANNING**

<b>01090012 - 441131</b> Subdivision: Simplified Plat	2006	\$300	None	\$ 300	Washington County-\$365	Admin Order
<b>01090012 - 441122</b> Subdivision: Final Plat Per Lot Created	2006	\$500+\$40	None	\$ 1,160	Washington County: \$665+\$250/lot (<50 lots) \$665+\$150/lot (>50 lots)	Admin Order
<b>01090012-44124</b> Subdivision: Sketch Plans				\$ -		
Nonresidential - 2 ≤ acres	2013	\$500	None		N/A	Admin Order
Nonresidential - > 2 acres	2013	\$1,000	None		N/A	Admin Order
Residential - < 50 lots	2013	\$500	None		N/A	Admin Order
Residential - ≥ 50 lots	2013	\$1,000	None		N/A	Admin Order
<b>01090012 - 441121</b> Subdivision: Development Plan	2006	\$1000+\$40/Lot	None	\$ -	Washington County -\$915+\$100/Lot	Admin Order
<b>01090012 - 441125</b> Minor Subdivision	2012	\$300	None	\$ 790	Washington County-\$365	Admin Order
<b>01090012 - 441126</b> Subdivision Variance/Waiver Request	2012	\$0	None	\$ -	Washington County-\$115	Admin Order

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>PLANNING (continued)</b>						
<b>01090012 - 441161</b> Concept Plan/Sketch Plans: CR Sketch Plan Multi-Family Development	2006 2013	\$1,000 \$1,000	None None	\$ -		Admin Order Admin Order
<b>01090012 - 441119</b> BZA Filing Fee: Special Exception Variances: Residential Non-Residential Residential Fence Variance Nonconforming Uses: Change Expansion Administrative Appeals	2006 2012 2012 2006 2006 2012 2012	\$500 \$150 \$300 \$150 \$500 \$500 \$225	None None None None None None None	\$ 4,097	Washington County-\$500 Washington County-\$150 Washington County-\$300 Washington County-\$150 Washington County-\$500 Washington County-\$500 Washington County-\$150	Admin Order Admin Order Admin Order Admin Order Admin Order Admin Order Admin Order
<b>01090012 - 441112</b> Rezoning Fees: Preliminary Consultation Rezoning Filing Fee Local Conversation District PUD Master Plan	2006 2006 2010 2006	\$500 \$2,000 + \$10/APO \$500 \$2,000 + \$10/APO	None None None None	\$ -	Washington County-\$515+\$20/acre Washington County - \$2015+\$20/acre Washington County - \$1000+\$30/lot	Admin Order Admin Order Admin Order Admin Order
<b>01090012 - 441102</b> Full Site Plan Fees: Residential Nonresidential	2006 2006	\$1000 + \$15/unit \$1000 + \$50/acre	None None	\$ 10,998	Washington Co - Res. \$765+\$10/unit Washington Co -Non \$765+\$50/acre	Admin Order Admin Order
<b>01090012 - 441101</b> Minor Site Plan	2006	\$500	None	\$ 3,000	Washington Co - Res. \$665	Admin Order
<b>01090012 - 441103</b> Site Plan Variance/Waiver Request	2012	\$0	None	\$ -	Washington County-\$115	Admin Order
<b>01090012 - 441111</b> Zoning Certificate Fees: Home Work Stations & CC-MU All other commercial Zoning Verification Letter: One SFR Zoning Verification Letter: All Others Fence Permits: Residential: Single Family, Two-Family Commercial, Industrial, Multi-Family	2012 2012 2004 2006 2005 2005	\$25 \$100 \$25 \$100 \$25 \$100	None None None None None None	\$ 14,107	Washington Co - \$80 Washington Co - \$165 Washington Co - \$100 Washington Co - \$100 Washington Co - Res. \$50 Washington Co -Non \$165	Admin Order Admin Order Admin Order Admin Order Admin Order Admin Order
<b>01090012 - 489603</b> Comprehensive Plan	2012	\$5 (disc only)	None	\$ -	Washington County - \$50 (\$5 on CD)	Admin Order
<b>01090012 - 489604</b> Land Management Code Design Review Guidelines	2013 2013	\$5 (disc only) \$5 (disc only)	None None	\$ -	Washington County - \$20 zoning Washington County - \$12 subdivision Washington County - \$100	Admin Order Admin Order
<b>01090012 - 441141</b> Zoning Text Amendment Subdivision Text Amendment	2006 2006	\$2,000 \$2,000	None None	\$ -	Washington County - \$2015 Washington County - \$2015	Admin Order Admin Order
<b>01090012 - 4899</b> Copies of Recorded Meetings	2006	\$25/mtg + \$10/tape	None	\$ 141		Admin Order
<b>01090012 - 426902</b> Forest Conservation Fee: Delineation Final Plan & Easements Fee Per Acre Forest Conservation Waiver/Variance Request Forest Conservation Exemption Certification	2006 2006 2006 2008	\$250 \$500+\$10 \$25 \$25	None None None None	\$ 735	Washington Co-\$265 Washington Co. \$750+\$10/acre Washington Co-\$40 Washington Co-\$25	Admin Order Admin Order
<b>01090012 - 441151</b> Pre-Annexation Agreement Review Fees: Infill residential lot - 1 or 2 units Minor residential development - ≤ 5 units Major residential development - ≥ 5 units Nonresidential	2012 2012 2012 2012	\$150 \$500 \$1,000 + \$15/unit \$1,000+\$50/acre	None None None None	\$ 1,400	N/A N/A N/A N/A	Admin Order Admin Order Admin Order Admin Order

**CODE ADMINISTRATION**

<b>01140012 - 441502</b> Pre-Sale Inspections, First unit Each Add'l Unit	2011	\$100 \$40	None None	\$ -		Admin order
<b>01140012 - 4210</b> Building Permits: Application Fee Tech Fee Commercial & New Residential: up to \$10,000 \$10,000 and greater Misc Residential: up to \$10,000 \$10,000 and greater	2011	\$20 \$20 \$8.50 / thousand \$5.00 / thousand \$8.50 / thousand \$3.50 / thousand	None None None None None None	\$ 104,973	Washington County: Comm app \$150+ \$15 tech fee+ \$0.15 per sq ft Res app \$65 + \$15 tech + \$.10 per sq ft. Frederick City: Comm \$0.009 x cost (\$128 min) Res SFD \$0.20, Multi \$0.15 per sq ft.(\$64 min) Frederick County: Comm app \$35 + \$0.21 per sq ft Res app \$35 + \$741 SFD < 4000 sq ft / \$395 per multi unit	Ordinance

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>CODE ADMINISTRATION (continued)</b>						
<b>01140012 - 421101</b> Plumbing Permits: Application Fee: Residential/Comm/Apmt Tech Fee Fixture fees (varies) Single fixture (app fee is waived)	2011	\$50/\$100/\$100 \$20 \$4- \$40 Tech fee + fixture only	None None None None	\$ 68,877	Wash Co.\$65 Res/\$125Comm+\$15 tech fee Fred City: \$30 single fix, \$10 each additional Fred Co: \$45 Res/\$110 Comm min + \$10 enhance fee, fixture fees vary	Ordinance
<b>01140012 - 4202</b> Plumbers license/registration (Biannual): Master Journeyman Apprentice If license has lapsed more than 30 days	2007	(\$40 of fee is tech fee) New: \$150/ Renew: \$125 New: \$95/ Renew: \$70 New: \$85/ Renew: \$60 New rate is charged	None None None None None	\$ 7,885	Wash. Co.(2 yr) Master \$50/res, \$100 non-res Journeyman \$20/\$40 Apprentice \$15/\$30 Fred City (2 yr): Master \$100, Journeyman \$30, Apprentice \$10 Fred Co (2 yr). Master \$150 Journeyman \$55	Ordinance
<b>01140012 - 421102</b> Electrical Permits Application Fee: Residential/Comm/Apmt Tech Fee Fixture fees (vary)	2011	\$50/\$100/\$100 \$20 \$3-\$50	None None None	\$ 95,364	Wash Co: \$65 Res/\$125 Comm+\$15 tech+ \$15-\$50 fixture fees Fred City: Min chg \$61 Res or Comm.(Most over \$122) Fred Co: \$45 Res/\$147 Comm min + \$10 enhance fee fixture fees vary	Ordinance
<b>01140012 - 421103</b> Mechanical Permits: Application Fee: Residential/Comm/Apmt Tech Fee Fixture fees (vary)	2011	\$50/\$100/\$100 \$20 \$5-\$30	None None None	\$ 46,120	Wash Co: \$65Res/\$125Comm+\$15 tech+ \$3-\$60 fixture fees additional enhance fee fixture fees vary Frederick City : Same as plumbing Frederick County: Same as Plumbing	Ordinance
<b>01140012 - 4203</b> Contractor's Licenses (Biennial)	2011	(\$40 of fee is tech fee) \$125	None	\$ 3,570	Wash Co Mechanical (2yr): \$50/res, \$100 non-res Fred City: Heat/Nat.gas/propane(2 yr): \$100 Fred Co: Appliance installer (2 yr): \$125	Ordinance
<b>01140012 - 4204</b> Electrician's Licenses (Biennial) Master/ Restricted Master If license has lapsed more than 30 days	2007	(\$40 of fee is tech fee) New: \$150/ Renew: \$125 New rate is charged	None None None	\$ 26,305	Wash Co (3 yr): Mstr or low volt \$150, inactive \$50 Fred City (2 yr): \$240 Fred Co (2 yr):\$150 (all types)	Ordinance
<b>01140012 - 441593</b> Administrative Fee for Excise Tax	2005	2% of 72% of excise tax	None	\$ 2,737		Admin Order
<b>01140012 - 450102</b> Municipal Infractions: Fee Per Citation	2008	\$25-\$1,000	None	\$ 59,373	Most citations are \$200-\$1,000; however, trash citations start at \$25	Ordinance
<b>01140012 - 4205</b> Rental Registration Fee Per Unit Fee Per Rooming House + Per Unit Fee	2008	\$50 \$100+\$10	None None	\$ 416,900	Cumberland: \$25 per unit (annual) Gaithersburg: \$150 per unit (Biennial) Mont Co: \$98 per unit (annual)/ \$56 per multi-unit bldg Howard Co: \$93.50 per unit (Biennial). Incl roomers	Ordinance
<b>01140012 - 4504</b> CAD Administrative Fees: Snow Removal Fee All Others: Fee + Tech Fee Refuse Pickup Admin Fee Refuse Pickup Tech Fee Trash Pickup Fee Trash Pickup Tech Fee	2003 2011 2013 2013 2013 2013	\$50 \$100+\$20 \$50 \$20 \$5 per bag \$20	None None None None None None	\$ 30,867		Admin Order
<b>01140012 - 441503</b> Reinspection fee	2011	\$50	None	\$ 550	Wash Co: 1st- \$50, 2nd- \$75, 3rd- \$100 Fred City: 1st- \$75, 2nd- \$200, 3rd- \$500; Fred Co: \$45/ea	Admin Order
<b>01140012 - 441504</b> Property Abatement Billings: Grass/High Weed Removal Trash and Debris Removal Securing of Vacant Structures Snow Removal From Public Sidewalks Admin Fee	2001 2001 2008 2004	\$100-\$1,000+ \$50-\$1,500+ \$100 \$25-\$250+ \$50-\$100	None None None None None	\$ 53,774		Ordinance Ordinance Admin Order Admin Order
<b>01140012 - 441512</b> Vacant Structures, Residential	2007	\$100	None	\$ 10,801		Ordinance
<b>01140012 - 441513</b> Vacant Structures, Commercial	2007	\$250-\$1,000	None	\$ -		Ordinance
<b>01140012 - 441594</b> Secure Vacant Structure: Fee Per Building Admin fee Tech fee Material fees	2007 2011	\$100 \$100 \$20 Various	None None None None	\$ 2,080		Ordinance
<b>01140012 - 441595</b> Technology Fees	2004	\$20	None	\$ 36,029		Admin Order
<b>01140012 - 449001</b> Credit Card Convenience Fee	2013	\$2	None	\$ 819		Ordinance
<b>01140012 - 449101</b> Rental License Late Fee, Per Incident	2011	\$50	None	\$ 22,900		Ordinance

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>MARKET HOUSE</b>						
<b>01402042-481005</b> Market House Stall Rentals:	2013			\$ 34,092	Washington County Farmer's Market - \$15.24/ft Stall	Admin Order
Annual Rates:					Washington County Farmer's Market \$10 per day Wed. & Sat. Receive 10% discount if choose to be a part of the entire season	
Reg Space: 6ft Quarterly Fee		\$54	\$57			
Reg Space: 6ft Monthly Fee		\$18	\$19			
Reg Space: 3ft Quarterly Fee		\$39	\$28.50			
Reg Space: 3ft Monthly Fee		\$13	\$9.50			
Prem Space: 6ft Quarterly		\$66	\$69			
Prem Space: 6ft Monthly		\$22	\$23			
Prem Space: 3ft Quarterly		\$51	\$34.50			
Prem Space: 3ft Monthly		\$17	\$11.50			
Electric Monthly Fee		\$10	\$11			
Seasonal Rates:						
Reg Space: 6ft Quarterly Fee		\$60	\$63			
Reg Space: 6ft Monthly Fee		\$20	\$21			
Reg Space: 3ft Quarterly Fee		\$45	\$31.50			
Reg Space: 3ft Monthly Fee		\$15	\$10.50			
Prem Space: 6ft Quarterly		\$72	\$75			
Prem Space: 6ft Monthly		\$24	\$25			
Prem Space: 3ft Quarterly		\$57	\$37.50			
Prem Space: 3ft Monthly		\$119	\$12.50			
Electric Monthly Fee		\$10	\$11			
<b>01402042-489905</b> City Farmer's Market Mugs		None	None	\$ -		Admin Order
<b>ENGINEERING</b>						
<b>01140012 - 4505</b> Appeals Fee-Board of Code Appeals Fee Per Case	2002	\$50	None	\$ 50	Annapolis/Rockville/Mont Co \$75/case Wash Co \$250/case	Admin Order
<b>01090042 - 421202</b> Street Cutting Permits Per Cut Minimum Fee Plus Tech Fee	2010	\$25 & \$150 \$25	None None	\$ 72,814	Some street can cost thousand's depending on situation Washington County \$35/cut	Ordinance
<b>01090042 - 4899</b> Sale of Construction Standards Sale of Construction Documents	Varies Per Contract	Varies from \$5-\$200	None	\$ 3,600	Frederick City \$20 Washington Co \$25-50	Admin Order Admin Order
<b>01090042 - 4896</b> Sale of Maps Sale of Prints/Copies	2012	Varies	Increase & Update	\$ 248	Frederick County \$3/map Washington Co. \$3 or .50-/SF	Admin Order
<b>01090042 - 421203</b> Curb/Sidewalk/Driveway Permits Fee Per Driveway Fee Per Curb/Sidewalk Plus Tech Fee	1995	\$25 \$10 \$5	None None None	\$ 1,305	Cumberland \$15,Fred.Co \$35+bond	Resolution
<b>01090042 - 421205</b> Site Grading Permit Flat Fee for Site Cost Plus % of Total Work Cost Plus Tech Fee	2004	\$15 1% \$25	None None None	\$ 3,871	Fred Co \$109Minor,\$239Major or 1.5% Wash Co \$25minor,5 acre min-\$20 ac	Admin Order
<b>01090042 - 421201</b> General Street Construction Permit Fee: Flat Fee Plus % of Total Work Cost Plus Tech Fee	2003	\$25 2% \$25	None None None	\$ 15,280	Based on % so rate adjusts automatically as project costs change	Ordinance
<b>01090042 - 421204</b> Storm Water Management Permit Flat Fee Plus % of Total Work Cost Plus Tech Fee	1995	\$25 2% \$25	None None None	\$ -	Based on % so rate adjusts automatically as project costs change	Admin Order
<b>01090042 - 441201</b> Engineering Review Fees Fee Per Lot - Subdivision Fee Per AC-Site Plan Sim. Plats	2013	\$150 + \$200/acre \$150+\$200/acre \$100	None None None	\$ 9,410	Washington County - Min Fee of \$600: \$150 + \$280/acre (<10 acres) \$150 + \$140/acre (>10-<50 acres) \$150 +	Admin Order
<b>01090042 - 421206</b> Right of Way Closure Permit Application Fee Tech Fee Closure Fee	2005	\$10 \$5 Fee Varies	None None None	\$ 2,354	None - Washington County	Admin Order

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>PARKS &amp; RECREATION</b>						
<b>Various Accounts Golf Course</b>						
Greens Fees at Hamilton Run	2012			\$ 90,223	Town of Waynesboro:	Admin Order
9 Hole/18 Hole		\$11/\$14	None		\$10.75/\$14.75	
Senior 9 Hole/Senior 18 Hole		\$9/\$12	None		\$10.25/\$13.75	
Twilight/Youth		\$8	None		N/A	
Weekend or Holiday 9 Hole/18 Hole		\$14/\$17	None		\$12.50/\$17.25	
Season Pass (City Residents Only)	2012			\$ 4,392		Admin Order
Individual		\$425	None		\$350	
Senior Individual		\$300	None		\$300	
Coupon Book for (9) Greens Fee	2007					Admin Order
Regular Rate		\$60	None			
Senior Rate		\$50	None			
Tournaments & Specials	2011	Varies	None	\$ 26,747		Admin Order
Cart Rentals, Per Person:	2012			\$ 44,625		Admin Order
9 Hole/18 Hole	2012	\$6.50/\$11	None		\$6/\$9.50	
Senior 9 Hole/Senior 18 Hole	2012	\$5.50/\$9	None		\$5.50/\$8.50	
Pull Cart Fee		\$2	None			
<b>01450012 - 481011</b>				\$ 390		
Municipal Stadium-Facility Reservations:						Admin Order
Field-No Lights: Rate Per Game	2012	\$250/Youth;	None		Frederick \$500/day,\$660/night game	
Field-With Lights: Add'l Rate Per Game		\$100	None			
Parking Lot Rental	2009	\$50	None		Frederick \$250	
<b>01450012 - 481013</b>				\$ 18,875		
Pavilion Facility Reservations:	2006	\$50	None		Washington Co: Residents \$50; Nonresidents \$70	Admin Order
Bandshell Facility Reservations:	2013				Arts Pavilion \$70/\$90	Admin Order
All Day Rate		\$100	None		Pen-Mar \$125/\$135	
<b>01450012 - 481012</b>				\$ 75		
Softball Field Facility Reservation:	2013		None			
All Day Rate (City Park) - Private/Public		\$100/\$225				
<b>01450112 - 481010</b>				\$ 2,375		
Fairground Park Multipurpose Fields	2013	\$75/\$175	None			Admin Order
Facility Reservations:						
Non-Tournament - All Day		\$75	None			
Tournament		\$175	None			
Stable Rental - All Day Rate	2013	\$275	None			Admin Order
<b>01450112 - 481011</b>				\$ 2,607		
Fairground Park Special Event Rentals						Admin Order
Special Events:	2013					
Walk-A-Thon		\$75	None			
5K		\$225	None			
Entire Park		\$1,025	None			
Tennis/Basketball/Hockey Courts and all other areas:						Admin Order
All Day Rate	2013	\$75	None			
<b>01404023-4711</b>				\$ 1,287		
Hager House	2011				Miller House: \$8/adult,\$5/senior	Admin Order
Adults		Donation Only	\$3		Free to school age	
Senior Citizens; Students: Age 13-17		Donation Only	\$2			
Children: Age 6-12		Donation Only	\$1			
Children: 5 & Under		Donation Only	Free			
Group		Donation Only	\$2/person			
<b>01402022 - Various Accounts</b>				\$ 50,552		
Potterfield Pool:				Total		Admin Order
Daily Rates:	2011				County Pool:	
2 and Under/Pre-school		Free/\$1.50	None		Free/\$1.50	
Youth: Ages 5-12		\$3	None		\$3 (ages 5-12)	
Adult: 13 and Older		\$3.50	None		\$3.50 (ages 13-61)	
Senior: 62 and Older		\$3	None		\$3 (age 62+)	
Season Pass - City Residents:	2011				County Pool:	
Age 2 & Under		Free	None		\$60/child,\$80/Adult,\$150/Family	
Pre-school/Youth		\$25/\$55	None		(max 5 + \$20/pp additional)	
Adult/Senior		\$75/\$50	None			
Family		\$125	None			
Season Pass - Non-City Residents:	2011					
Age 2 & Under		Free	None			
Pre-school/Youth		\$40/\$80	None			
Adult/Senior		\$100/\$70	None			
Family		\$175	None			

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>PARKS &amp; RECREATION (continued)</b>						
Pool Rentals: 1-50 People Hourly Rate 51-75 People Hourly Rate 76-100 People Hourly Rate Over 100 People Swim Lessons Fitness Swim (3 or 4 days a week, Lap or water workouts)	2011     2011 2011	\$80 \$90 \$125 Special Quote TBD by YMCA TBD by YMCA	\$97 \$128 \$159 Special Quote TBD by A.P.E. \$2/person		6:30pm - 8:30pm (rates are for 2 hrs): 0-75 \$140 76+ \$200  Progressive \$40R/\$45NR	Admin Order
<b>01404032 - 448601</b> New Fee 202 Train Exhibit Adults Seniors; Students - Age 13-17 Children: 6-12/5 & Under Group Tours			\$2 \$1 \$0.50/Free \$1	\$ -		Admin Order

**RECYCLING AND TRASH COLLECTION**

<b>01300012 - 4416</b> Recycling & Refuse Collection Quarterly Fee - Residence Quarterly Fee - Commercial	2012	\$39.00 \$50.00	None None	\$ 2,231,362	Private Contract Hauler \$106/Qtr plus \$25/Mo for Yard Waste	Admin Order
<b>01300012 - 4417</b> Bulk Trash Pick-up and Disposal Fee: Per Load Fee Appliance with Freon Fee	2008	\$25 \$25	None None	\$ 5,913		Admin Order
<b>01300012 - 4493</b> Utility Monthly Late Fee	2014	1% per month on past due unpaid balance	None	N/A		Ordinance

**POLICE DEPARTMENT**

<b>01100012 - 4896</b> Copy Charges Fee Per Page	2012	\$0.25	None	\$ 6,542	WCSO-\$5/1st page,\$1/each add'l page	Admin Order
<b>01100012 - 441301</b> Electronic Media Duplication	2004	\$25 + Cos Media	Cost of Media + External Cost	\$ -	WCSO-\$10/1st hour, \$5 each add'l hour.	Admin Order
<b>01104012 - 441331</b> Special Assignments- Hrly Fee (Dance, School Event, etc)	2014	\$49.92	115% of Top Officer's Pay Rate	\$ 89,825	Fluxtuates with Top Officer's Pay Rate per AFSCME 3373 Barg. Agrmt (Art 5; Sect 8)	Barg. Agrmt
<b>01102052 - 441311</b> Drug Analysis-Washington County (Fee is 50% of Actual Cost for Supervisory Forensic Scientist and Forensic Scientist) Drug Analysis-Other Agencies	1992  2003	50% of actual Costs \$35	None  None	\$ 84,381		MOU  Admin Order
<b>01100012 - 4503</b> Vehicle Storage Fee Per Day Storage, Towed Vehicles, Public Auctions	2007	\$20	None	\$ (200)	WCSO - \$15 County - for tow companies on rotating call list - \$25	Admin Order
<b>01100012-455301</b> New Fee Red Curb & Handicap Fines Fine - Parking on Red Curb Fine - Parking on Handicap Zone Fine - Parking in Fire Lane Fine - Parking in front of Fire Hydrant Late Fees for Fines paid After 10 days/After 30 days	2014		\$25 \$100 \$25 \$100 \$10/\$20	\$ -	<u>Annapolis</u> <u>Frederick</u>  \$100 red, \$25 yellow \$ 30 yellow \$100 \$100 \$100	Ordinance  Ordinance
<b>01104072 - 4509</b> Speed Camera Fine	2012	\$40 (\$35 if paid within 7 days of issuance)	None	\$ 1,629,461	<u>Annapolis</u> <u>Frederick</u> \$40 \$40	Ordinance
<b>01104072-4552</b> Speed Camera Fine Late Fee	2012	\$20	None	\$ 194,478		Ordinance

**FIRE DEPARTMENT**

<b>01120012 - 441402</b> False Call/Failure to notify FD working	2012	\$250	None	\$ 1,977		Ordinance
<b>01120012 - 421302</b> Blasting Permits	2012	\$50	None	\$ 40		Ordinance
<b>01120012 - 4210</b> GBSD Permit Assembly Permit Building Permits: % of Total Building Permit Fee	2012 2012 2013	\$250 \$50 25%	None None None	\$ 26,264	State Fire Marshal Assembly Permit: 1,000>\$360; 301-1000: \$240; 50-300: \$120 Fairgrounds/Parks: 9 bldgs or less \$240; 10 bldgs>\$480	Ordinance Ordinance
<b>01120012 - 421301</b> Firework Permits	2007	\$250	None	\$ 2,250		Ordinance
<b>0112012 - 441401</b> Reinspection Fee Plan Review & Inspection for Fire Protection System Installation Per System	2012	\$150 \$100 with add'l chgs per system fixture or \$1.50 per device	None None	\$ 8,744	State Fire Marshal 1st \$200; 2nd \$250 State Fire Marshal \$150/system with add'l charges per system fixture or device \$2.00	Ordinance Ordinance



SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>PARKING FACILITIES (continued)</b>						
<b>56740132 - 445899</b>				\$ 37,628		
Department Charges Monthly Fee	2012	\$45	\$46.50			Admin Order
Parking/Expired Meter	2003	\$10/\$25/\$35	None		Annapolis: \$20/expired,\$100/handicap	Ordinance
Fire Hydrant		\$100/\$110/\$120	None		Cumberland: \$25/expired	
Non-Meter/All Other		\$15/\$25/\$35	None		Frederick: \$15/expired,\$100/handicap	
Handicap Zone		\$100/\$110/\$120	None		Winchester: \$10/expired,\$100/handicap	
Parking Boot Fee		\$100	None			Resolution

**ELECTRIC DEPARTMENT**

<b>50000002 - 442101</b>				\$ 13,627,718	and net energy metering tariff	
<b>50000002 - 442102</b>					Potomac Edison bill Dec 2012	
Residential - All KWH	2005		None			Maryland PSC
Base rate		\$0.06263	None		\$0.102213/kWh	
Purchased Power Adj. Rate (Est Ave rate)		\$0.01478	\$0.01437			
<b>50000002 - 442201</b>				\$ 5,503,665		
<b>50000002 - 442202</b>						
General and Commercial	2005		None			Maryland PSC
1st 700 KWH		\$0.08314	None		\$0.115140	
>700 KWH		\$0.05257	None		\$0.060200	
Demand over 7.5 KW		\$4.06817	None		\$7.060000	
Purchased Power Adj. Rate (Est. aver. rate)		\$0.01478	\$0.01437			
<b>50000002 - 442301</b>				\$ 2,371,632		
Industrial-Low Load	2005		None		AP Schedule "PP"	Maryland PSC
1st 100,000 KWH		\$0.05040	None		No comparison due to AP Large Industrial	
Over 100,000 KWH		\$0.04220	None		customers experiencing hourly load pricing	
Demand all KW		\$3.4090	None			
Purchased Power Adj. Rate (Est. ave. rate)		\$0.01478	\$0.01437			
<b>50000002 - 442302</b>				\$ 3,667,477		
Industrial-High Load	2005		None		AP Schedule "PH"	Maryland PSC
1st 100,000 KWH		\$0.04052	None		No comparison due to AP Large Industrial	
Over 100,000 KWH		\$0.03606	None		customers experiencing hourly load pricing	
Demand all KW		\$6.26929	None			
Purchased Power Adj. Rate (Est. ave. rate)		\$0.01478	\$0.01437			
<b>50000002 - 4424</b>				\$ 25,538		
Outdoor Lighting	1996		None		No comparison, due to Structuring	Maryland PSC
175 Watt Monthly Fee		\$5.25	None		difference	
250 Watt Monthly Fee		\$6.96	None			
400 Watt Monthly Fee		\$10.03	None			
Purchased Power Adj. Rate (Est. ave. rate)		\$0.01478	\$0.01437			
<b>50000002 - 442501</b>				\$ 692,082		
Street & Highway Lighting Per KWH	2005	\$0.06842	None		No comparison	Maryland PSC
Purchased Power Adj. Rate (Est. ave. rate)		\$0.01478	\$0.01437			
<b>50000002 - 442502</b>				\$ 25,312		
Traffic Lights Per KWH	1996		None		No comparison	Maryland PSC
1st 700 KWH		\$0.06749	None			
>700		\$0.03865	None			
Purchased Power Adj. Rate (Est. ave. rate)		\$0.01478	\$0.01437			
<b>50000002 - 442303</b>				\$ 144,614		
High Voltage-Cascades	1995		None		AP Schedule "PP", No comparison	Maryland PSC
Per KW		\$10.5380	None			
Per KWH		\$0.01092	None			
Per KWH		\$0.02638	\$0.02597			
<b>50000002 - 481813</b>				\$ 14,567		
Pole Rental - Fee Per Pole	2001	\$20.00	None			Maryland PSC
Pole Rental (Prior 2001 grandfathered)	1966	\$4.50	None			
<b>50000002 - 481815</b>				\$ 37,000		
Central Maintenance Garage Monthly Fee	2012	\$3,167	None		N/A	Admin Order
<b>50000002 - 489908</b>				\$ 46,097		
Reimbursed Line Dept. Overtime	1984	Actual Cost	None			Maryland PSC
Call out charge-Reconnect		\$85	None		AP \$80	
Call out Charge-Pole Reconnect		Est. Actual Cost	None			
<b>50000002 - 4238</b>				\$ 87,473		
Connection Fees	1992	\$10	None		AP \$0	Maryland PSC
Reconnection Fees		\$15	None		AP \$16	
<b>50000002 - 4493</b>				\$ -		
Utility Monthly Late Fee	2014	Max of 5% of unpaid bill	None			Ordinance

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>WATER DEPARTMENT</b>						
<b>52000002 - 4249</b> Contracted service-payment for services rendered not w/in the existing level Labor Fee Plus (Schedule)	1991	\$2.64 Multiplier Material, 25% Equip	None	\$ 4,746	Frederick - Labor 38.5%,Material 10%	Admin Order
<b>52000002 - 4231</b> <b>52000002 - 4245</b> Water Plan Review/Inspection Fee Per Application Fee Plus Fee Per Ft Main Review Inspection Fee Per Ft PS Fee Per Gallon (Minimum of PS Capacity)	2006	\$50 \$50 0.50 \$3 \$14	None None None None None	\$ 21,735 <b>Total Fees</b>		Ordinance
<b>52000002 - 4235</b> Non-Utility Misc-payment for providing consumption data to WCWSD Annual Fee Per Account	Annual Per Agreement 2012	\$11.00	None	\$ 55,916		Admin Order
<b>52000002 - 481002</b> Rent-City Employee Willson (Tenants Pay Fuel) Smithsburg (Tenants Pay Fuel) Edgemont (Tenants Pay Fuel) Ritchie Rd (Tenants Pay Fuel)	2008 2008 2008 2008	\$580 \$495 \$505 \$700	\$0 None None None	\$ 24,460	Wheaton Park \$207 Funkhouser Park \$427 Hager Park \$290	Admin Order
<b>52000002 - 481003</b> Cell Tower Rental	2007	\$897/month	None	\$ 9,874		Motion
<b>52000002 - 4899</b> Misc. Other Revenues Hunting Permits Maps (Free with Permit)	2006	\$10 \$1	None None	\$ 421,039	N/A	Admin Order
<b>52000002 - 4240</b> Transfer Fee Meter Testing Fee	2007 2007	\$30 \$30	None None	\$ 33,713	New for prop transfers New fee for customers initiated meter tests	M&C
<b>52000004 - 4722</b> Benefit charges-charged to new customers for impact of additional demand to major system components Fee Per Gallon of Average Daily Usage Fee Min 200 Gallon	2006	\$12.50 \$2,500	None None	\$ 293,665	Washington County: Initial alloc is part of connection fee / additional alloc is \$1,950 per EDU	Ordinance
<b>52000002 - 443201</b> <b>52000002 - 443101</b> Metered Sales - City: Residential: Consumption: Per K, 1st 18,000 Consumption: Per K, Over 18,000 Fixed: 5/8" - 10" Non-Residential: Consumption: Per K, 1st 100,000 Consumption: Per K, Over 100,000 Fixed: 5/8" - 10"	2012 2012	Eff July 1, 2013 Rate Increase - 5% City & 6.5% County  \$1.47 \$2.78 \$6.49-\$895.62  \$1.47 \$1.29 \$6.49-\$895.62	Eff July 1, 2014 Rate Increase - 2% City & 2% County  \$1.50 \$2.84 \$6.62-\$913.56  \$1.50 \$1.32 \$6.62-\$913.56	\$ 1,952,633 <b>Total Fees</b>	5 Year Agreement previous approved by Mayor and Council for FY10-FY14 FY13: Frederick City-Qrly + usage fee \$3.32/K-1st 6,000 gals \$4.8/K-next 10,000 gals \$5.08/K next 8,000 gals \$34.94-\$1,013.19	Ordinance
<b>52000002 - 443202</b> <b>52000002 - 443102</b> Metered Service - County: Residential: Consumption: Per K, 1st 18,000 Consumption: Per K, Over 18,000 Fixed: 5/8" - 10" Non-Residential: Consumption: Per K, 1st 100,000 Consumption: Per K, Over 100,000 Fixed: 5/8" - 10"	2012 2012	Eff July 1, 2013 Rate Increase - 5% City & 6.5% County  \$3.54 \$6.73 \$18.92-\$2,610.96  \$3.54 \$3.18 \$18.92-\$2,610.96	Eff July 1, 2014 Rate Increase - 2% City & 2% County  \$3.61 \$6.86 \$19.30-\$2,663.40  \$3.61 \$3.24 \$19.30-\$2,663.40	\$ 7,563,801 <b>Total Fees</b>	5 Year Agreement previous approved by Mayor and Council for FY11-FY14 Frederick City: double inside City Rate FY13 Washington County: 1st 6,000 gals = \$91.65 Over 6,000 gals = \$9.06 per 1,000 gal	Ordinance  Ordinance
<b>52000002 - 4237</b> Fire Protection:  City - 4" - 12" County - 4" - 12"	2009	\$166 - \$1,492 \$222 - \$1,990	Eff July 1, 2014 Rate Increase - 3% City & 3% County  \$170.98-\$1,536.76 \$228.66-\$2,049.70	\$ 145,436	Chambersburg - City & County  4" \$81.60, 6" \$204.36, 8" \$326.76 10" \$489.84, 12" \$680.40	Ordinance
<b>52000002 - 4232</b> New Services: 3/4" 1" 1" Double Application Fee	2003	\$715 \$925 \$1,160 \$50	None None None None	\$ 276,860	Wash Co. Residential - \$1950+\$325 meter fee	Resolution

SCHEDULE OF FEES & SERVICE CHARGES  
FISCAL YEAR 2014/2015

NAME OF FEE/PURPOSE	EFF DATE	FY14 RATE	FY15 PROPOSED	FY13 ACTUAL	COMPARABLE RATES	ACTION REQUIRED
<b>WATER DEPARTMENT (continued)</b>						
<b>52000002 - 4238</b> Reconnection Fee: 8:00am-3:00pm After 3:00pm	2006 2001	\$35 \$85	None None	\$ 31,430	Frederick City: \$25 on/\$25 off	Ordinance
<b>52000002 - 4493</b> Utility Monthly Late Fee	2014	10% one-time late fee	None	\$ -		Ordinance
<b>WASTEWATER DEPARTMENT</b>						
<b>54000002 - 4243</b> Connection Charge: City County	2003	\$1,200 \$1,800	None None	\$ 1,200	Washington Co - Connection/Allocation \$6,300	Ordinance
<b>54000002 - 4242</b> <b>54000002 - 4245</b> Sewer Plan Review/Inspection Fee: Application Fee + Review Fee Per Ft. Inspection Fee Per Ft. PS Fee Per Gal. (Minimum of PS Capacity)	2006	\$50 + \$0.50 \$3 \$14	None None None	\$ 6,537 <b>Total Fees</b>		Ordinance
<b>54000002 - 4810</b> Rental Income per year	1984	\$365	None	\$ 365		Admin Order
<b>54000004 - 4722</b> <b>55000004 - 4722</b> Benefit Charges-Fee Per Gallon: In City w/\$4,400 Minimum In County w/\$5,000 Minimum	2006	\$22 \$25	None None	\$ 358,197 <b>Total Fees</b>	Washington Co - Alloc is part of connection charge; additional assessment for non-residential is \$5,900 per EDU	Ordinance
<b>54000002 - 444201</b> <b>54000002 - 444101</b> Sewer Service Charges-City Consumption: Per 1,000 Gallons Fixed Charges: 5/8" - 10"	2012	Eff July 1, 2013 Rate Increase - 5% City & 3.0% County \$4.36 \$17.90-\$2,470.20	Eff July 1, 2014 Rate Increase - 12% City & 12% County \$4.88 \$20.05-\$2,766.90	\$ 5,389,685 <b>Total Fees</b>	5 Year Agreement previous approved by Mayor and Council for FY10-FY14 Frederick City: In-City FY13 Tiered Rates: \$3.32 to \$5.76 / 1,000 gals Base Charge: \$34.94-\$1,013.19	Ordinance
<b>54000002 - 444202</b> <b>54000002 - 444102</b> Sewer Service Charges- County Consumption: Per 1,000 Gallons Fixed Charges: 5/8" - 10"	2012	Eff July 1, 2013 Rate Increase - 5% City & 3.0% County \$7.30 \$29.73-\$4,102.74	Eff July 1, 2013 Rate Increase - 12% City & 12% County \$8.18 \$33.30-\$4,595.40	\$ 2,714,527 <b>Total Fees</b>	5 Year Agreement previous approved by Mayor and Council for FY10-FY14 Frederick City - Double the inside rate	Ordinance
<b>54000002 - 444203</b> <b>54000002 - 444103</b> Sewer Service Charges-Joint County Consumption: Per 1,000 Gallons Fixed Charges: 5/8" - 10"	2012	Eff July 1, 2013 Rate Increase - 5% City & 3.0% County \$6.35 \$25.86-\$3,568.68	Eff July 1, 2013 Rate Increase - 12% City & 12% County \$7.11 \$28.96-\$3,996.48	\$ 1,915,137 <b>Total Fees</b>	5 Year Agreement previous approved by Mayor and Council for FY10-FY14	Ordinance
<b>54000002 - 4443</b> Low Pressure Systems Per Dwelling Quarterly Fee If 2 Dwelling Pump Quarterly Fee	2010	\$97.80 \$53.73	None None	\$ 106,182		Ordinance
<b>54000002 - 4246</b> Monitoring Report/Lab Testing Fees: Meter Set-Up Charge Per Test Biochemical Oxygen Demand Chemical Oxygen Demand Fats, Oils & Grease Suspended Solids PH Metals	2012	\$85 \$30 \$30 \$40 \$15 \$8 \$15	None None None None None None None	\$ 8,795	Frederick - part of permit fee Wash. Co: \$25,\$35,\$12  Carlisle: Calculated assessment	Admin Order
<b>54000002 - 4241</b> <b>54000002 - 4244</b> Industrial Permit Fee/year Industrial Surcharge Per 1,000 lbs: Chemical Oxygen Demand Fee Suspended Solids Fee Grease & Oil Fee Biochemical Oxygen Demand	2001 2008	\$250 - \$2,000 \$0.33 \$0.82 \$0.47 \$0.82	None None None None None	\$ 119,296 <b>Total Fees</b>	Frederick: Increment calculated every 6mo Wash Co: 1.9% Residential Carlisle: Calculated assessment	Ordinance
<b>54000002 - 4493</b> Utility Monthly Late Fee	2014	10% one-time late fee	None	\$ -		Ordinance

# CAPITAL IMPROVEMENT PROGRAM

## SECTION 9

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## **Acknowledgements**

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The Capital Improvement Programs section could not have been prepared without the support and leadership of the Mayor and Council and the City of Hagerstown Management Team. The individuals listed below played an integral part in the preparation of this section.

### **Budget Preparation**

Bruce Zimmerman, City Administrator  
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Nelia Tidler, Utilities Finance Manager  
Rodney Tissue, City Engineer

CAPITAL IMPROVEMENT PROJECTS – PROGRAM SUMMARY  
FISCAL YEAR 2014/2015

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All Departments – Consolidated

**PROGRAM OVERVIEW**

Hagerstown plans its capital improvement projects over a five-year period. Capital improvements programming and budgeting involves the development of a long-term plan for capital expenditures. Capital expenditures include buildings and facilities, significant ongoing maintenance and improvements to current facilities, land, major equipment, and other commodities which are of significant value and have a useful life of several years. It is both a fiscal and planning document that allows the City to monitor and inventory all capital project costs, funding sources, departmental responsibilities, and project schedules. The program includes comprehensively reviewing all capital needs and then providing the information and criteria to assist Mayor and Council as they choose among competing projects.

The proposed Capital Improvements Program (CIP) for FY 2013/14 and FY 2014/15 is summarized below:

Fund	FY14		FY15	
	Revised Budget	Estimated Actual	Proposed Budget	
General / CIP Fund	\$ 15,781,931	\$ 6,579,740	\$ 9,117,028	
Electric Fund	413,000	160,831	564,000	
Water Fund	13,421,000	12,555,000	5,182,900	
Wastewater Fund	2,139,500	1,627,500	2,983,000	
Parking Fund	1,460,000	330,000	80,000	
Golf Fund	40,000	40,000	62,000	
Property Management Fund	173,079	274,554	85,000	
<b>TOTALS</b>	<b>\$ 33,428,510</b>	<b>\$ 21,567,625</b>	<b>\$ 18,073,928</b>	

**MAJOR 2014/15 PROGRAM OBJECTIVES**

- Further the City's goals and objectives as outlined in the City's Comprehensive and Strategic Plans.
- Maximize opportunities for community development and infrastructure replacement while staying within debt affordability guidelines, available resources and complying with the City's debt policies.
- Increase opportunities to obtain funding from outside sources such as the Federal, State and County Governments and other private parties.
- Assist in planning, budgeting and coordinating the operational and capital efforts of all City Departments.
- Provide guidance for making decisions about requests for routine or emergency capital expenditures.
- Attract private investment by planning for future amenities and infrastructure improvements to support public capital commitments.
- Maintain or improve the City's bond rating through effective financial planning and management.

**THE CITY'S STRATEGIC PLAN**

In September 2010, the Mayor and City Council approved a formal Strategic Plan for the City's future and subsequently updated the Plan's Vision and Mission Statements in October 2013 (Strategic Plan is in Section 1 Overview). Through a mix of financial management policies, land use, and forecasting, the City will ensure stability by maximizing its current use of resources. To assist policy makers, the CIP's five year forecast included in this section reflects the financial impact of their decisions. The Strategic Plan outlines the City's desire to be the location of choice for a diverse and dynamic citizenry, and to provide a proud and prosperous community.

*A Prosperous Community*

In order to provide a prosperous community, the City strives to create incentives and programs that attract higher paying jobs, increase private sector investment and market Hagerstown as the premier community for residential

CAPITAL IMPROVEMENT PROJECTS – PROGRAM SUMMARY  
FISCAL YEAR 2014/2015

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and economic development; as a result \$3.0 million has been included in the CIP budget to assist in the demolition and land acquisition of the former Municipal Electric Light Plant (MELP) site, to help fund a major downtown redevelopment project, to help facilitate the expansion and widening of Broadfording Road for developers, for on-going renovation of 36-40 N Potomac Street, and renovations to the Elizabeth Hager Center located in City Center.

*A Vibrant, Active, and Livable Community*

To ensure a vibrant, active, and livable community, the City helps Mayor and Council focus on specific areas, buildings and projects that create a rich, social and culturally vibrant community. The budget plan includes \$2.3M for improvements to an existing parking deck and parking lots, potential stormwater management projects, various park improvements, a new statue, and other miscellaneous community initiatives.

*A Safe and Healthy Community*

To create and maintain a community that is safe, inviting, and environmentally healthy, with an emphasis on resource conservation, the budget proposal provides \$11.8 million for bridge repairs, pavement preservation and maintenance, signal controller upgrades, major signal intersection upgrades, new police crime lab equipment, various upgrades and renovations related to the electrical services provided to Hagerstown Light Division customers, water main replacements, improvements to water treatment plants to improve safe drinking water standards, and various Wastewater collection system rehabilitations.

*An Innovative and Sustainable Government*

In order to have an innovative and sustainable government, the City invigorates the organization and identifies techniques that allow services to be delivered in the most efficient and cost effective manner. In order to achieve this efficiency, there is \$1.0 million planned for completion of a Time and Attendance system, Geographic Information System (GIS) upgrades, Cable PEG and Internet upgrades, telemetry equipment for Hagerstown Light Department, and Supervisory Control and Data Acquisition (SCADA) Systems.

**OVERVIEW OF THE PROJECTS IN THE CIP**

The CIP section presents comprehensive descriptions of major project needs for FY2015 through FY2019. Pages 11 through 42 provide summary schedules by Fund outlining funding sources and project expenditures and are organized by Fund and department. Pages 43 through 175 contain detailed descriptions pertaining to individual CIP projects and are organized by Fund and project number. These pages describe each project in more detail, and include a justification section. Additionally, these pages include information relating to the potential budget impact that each recurring and non-recurring capital investment may have on current and future operating budget and services provided by the City.

The City's Capital Improvement Program budget for FY 2014/15 at \$18.1 million has decreased from \$33.4 million in the FY 2013/14 revised budget. A significant change in the FY 2014/15 budget over the current fiscal year is the removal of a potential new baseball stadium and multi-use complex from the CIP. The FY 2014/15 budget encompasses various types of projects as indicated above in the Strategic Plan section. Several of the major projects in our five year Capital Improvement Program plan are summarized below:

- During the economic down turn in FY 2009/10, the City deferred its vehicle and equipment purchases. As a result of deferring vehicle purchases, an aging vehicle fleet began to negatively impact annual operating maintenance costs. Beginning in FY 2012/13, the City began to phase in funding for the replacement of vehicles and equipment. The FY 2014/15 budget continues to include needed vehicle and equipment replacements. It is important to note that the only additions to our existing vehicle fleet for the FY 2014/15 budget are in the Police Department. However faced with a 7.8% decrease in real estate assessable base and rising employee related costs, a proposed funding source for a portion of the General Fund departmental vehicles (\$401,000) is General Fund Balance Reserves. In our FY 2014/15 budget, the General Fund has included a total of \$1,711,000 for vehicles, which includes the replacement of a Ladder Truck (\$1,000,000), five additional Patrol vehicles (\$250,000), and miscellaneous vehicle replacements (\$461,000) across Parks, Public Works, and Economic Development areas. In addition, the Enterprise

CAPITAL IMPROVEMENT PROJECTS – PROGRAM SUMMARY  
FISCAL YEAR 2014/2015

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Funds include a total of \$834,900 for vehicle replacements, which includes the replacement of a Crane Truck, a Bucket Truck, two Backhoes, a Dump Truck, and more.

- The City continues its commitment to the acquisition and demolition of the former Municipal Electric Light Plant (MELP), along with remediation of environmental issues. Subsequently, we have included \$0.4 million in the FY 2014/15 budget and another \$2.7 million in planning for FY 2015/16 budget.
- The City has included \$1.5 million in our FY 2014/15 budget for a Downtown Redevelopment project(s) to help spur economic redevelopment. While a specific project has not yet been identified, funding has been included in the budget to help address Mayor and Council priority projects. With state grant funding, the City has contracted with Urban Partners to prepare an economic analysis and implementation plan for Hagerstown's Sustainable Community Plan. This analysis is 100% funded with the grant from the Maryland Department of Business and Economic Development. This plan will help identify specific projects for our Downtown Revitalization to be funded by the \$1.5 million in the FY 2014/15 budget.
- The City is contemplating the construction of a third parking deck. As a result, we have included \$1.58 million in our planning for the FY 2015/16 budget for potential land acquisition, demolition, and necessary planning and design work.
- The final construction phase and completion of the RC Willson Phase IV Improvements for Stage 2 DPBR Compliance is included in our FY 2014/15 budget. This project includes necessary upgrades to our chemical, SCADA, and electrical systems. The improvements and upgrades will ensure compliance with the Maryland Department of the Environment's Disinfected Byproduct II regulations and Safe Drinking Water Act Regulations. The total project costs for these upgrades are anticipated to be \$12.2M across several fiscal years with the primary funding provided by a MDE low-interest bond issue and State of Maryland grant.
- Several other large projects within the FY 2014/15 budget are: funding for the Pavement preservation program for upkeep and maintenance of City streets; major signal intersection upgrades for pedestrian lights and other improvements at the intersections of Antietam/Cannon and Antietam/Walnut; possible Storm Water Management projects to meet future state/federal regulations; reconstruction and widening of Broadfording Road to promote private economic development efforts; continuation of the Wastewater's Collection system rehab efforts for necessary repairs; upgrades to the Wastewater Treatment Plant and Sludge Pelletizing facility; and, continuation of efficiency enhancements included as part of the Water department's residential and large meter replacement program.

## **DEFINITIONS**

For the purposes of this program, the definitions for "operating" and "capital" budget costs are as follows:

Operating costs are those recurring personal service or consumable asset expenditures, the costs of which are usually consistent and annual. Those costs are not included in the Capital Improvements Program.

Capital costs for purposes of the Capital Improvement Program are non-recurring, have a useful life of more than four (4) years, and exceed \$5,000 (\$10,000 for Enterprise Funds). Capital budget costs include both capital "projects" and major capital "outlays". Project expenditures are for the construction, purchase or major renovation of buildings, utility systems, or other physical structures. Outlay expenditures are for the acquisition of furniture, equipment, or fixed assets; such as trucks, land, or buildings, which otherwise meet the definition of "capital."

**For detailed definitions on other terms, please refer to the Glossary in Section 10.**

CAPITAL IMPROVEMENTS PROGRAM - ALL FUNDS  
 FISCAL YEARS 2015/19  
 LIST OF PROJECTS ALPHABETICAL BY PROJECT NAME

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PROJECT NAME	PROJECT NUMBER	PROJECT PRIORITY
36-40 North Potomac Street	58-C0836	Planned Improvement
A & E District Upgrades	50-C0591	Planned Improvement
Accessibility Ramps	45-C0217	Probable Grant
Adm. & Engineering Equipment	52-C0648	Planned Improvement
Alley Reconstruction	45-C0324	Planned Improvement
Alms House Repairs	58-C0755	Planned Improvement
Antietam Creek Greenway Trail	45-C0774	Planned Improvement
Antietam Park (at former MELP site)	45-C0856	Planned Improvement
Bester Elementary School	50-C0841	Planned Improvement
Breichner WTP Improvements	52-C0405	Planned Improvement
Bridge Repair Program	45-C0400	Cost Avoidance
Broadfording Road Reconstruction & Widening	45-C0831	Planned Improvement
Building and Site Improvements	50-C0542	Planned Improvement
Buildings and Structures	54-C0585	Planned Improvement
Bulldog Substation Upgrade	50-C0544	Planned Improvement
Cable PEG/I-Net	45-C0568	Contract Obligation
Central Substation	50-C0118	Planned Improvement
Circuit Upgrades	50-C0842	Planned Improvement
City Hall Improvements	45-C0326	Planned Improvement
City Park Irrigation System	45-C0826	Cost Avoidance
City Park Lake Improvements	45-C0047	Planned Improvement
City Park Parking Improvements	45-C0522	Planned Improvement
Citywide - CS Rehabilitation	54-C0800	Public Safety
Collection System Equipment	54-C0713	Planned Improvement
Collection System Rehabilitation	54-C0327	Public Safety
Community & Economic Development Vehicles	45-C0249	Cost Avoidance
Community Garden	45-C0859	Probable Grant
Computer Equipment and Software	45-C0006	Planned Improvement
Curb and Sidewalk Replacement Program	45-C0458	Planned Improvement
Distribution Services - Meter Program	52-C0653	Cost Avoidance
Distribution System Rehab - Main Replacement	52-C0709	Planned Improvement
Downtown Beautification Program	45-C0280	Planned Improvement
Downtown Redevelopment	45-C0854	Planned Improvement
East End Pump Station	54-C0565	Planned Improvement
Edgemont Reservoir Improvements	52-C0168	Planned Improvement
Electric Vehicles	50-C0090	Planned Improvement
Eliminate Pump Stations	54-C0832	Planned Improvement
Elizabeth Hager Center	58-C0803	Planned Improvement
Engineering Vehicles	45-C0133	Cost Avoidance
Fairground Grandstand Improvements	45-C0624	Contract Obligation
Feeder Coordination	50-C0833	Planned Improvement
Fire Department Breathing Apparatus Equip	45-C0663	Planned Improvement
Fire Department Vehicle Replacement	45-C0010	Planned Improvement
Fire Training Tower	45-C0241	Planned Improvement
Gasboy Fuel Mgmt System Upgrade	45-C0855	Public Safety
Gateway Signs	45-C0579	Planned Improvement
Geographic Information System	45-C0451	Planned Improvement
George Washington Statue	45-C0837	Planned Improvement

CAPITAL IMPROVEMENTS PROGRAM - ALL FUNDS  
 FISCAL YEARS 2015/19  
 LIST OF PROJECTS ALPHABETICAL BY PROJECT NAME

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PROJECT NAME	PROJECT NUMBER	PROJECT PRIORITY
Golf Course - Vehicles/Equipment	57-C0395	Cost Avoidance
Golf Course Bridge Replacement	57-C0669	Public Safety
Golf Course Net	57-C0670	Public Safety
Green Streets	45-C0639	Planned Improvement
Grinder Pump Replacement Program	54-C0767	Planned Improvement
Hagerstown Business Park	50-C0258	Planned Improvement
Hagerstown Ice Rink	45-C0843	Cost Avoidance
Hagerstown Small Business Center	58-C0828	Planned Improvement
Hamilton Hotel	50-C0819	Planned Improvement
Installation of Street Trees	45-C0594	Planned Improvement
Junior Fire Engine Company #3	45-C0242	Planned Improvement
Kiwanis Park	45-C0773	Contract Obligation
Laboratory Equipment	54-C0745	Planned Improvement
LED Signal Lights	45-C0245	Cost Avoidance
Major Signal Intersection Upgrades	45-C0243	Planned Improvement
Manhole Raising	54-C0267	Public Safety
Mansion House Improvements	45-C0336	Cost Avoidance
Market House Improvements	45-C0099	Planned Improvement
Marsh Run Walls Rehabilitation	45-C0853	Cost Avoidance
MELP	45-C0839	Planned Improvement
Memorial Park	45-C0784	Improve Service
Mills Park Multi-Use Paths	45-C0737	Planned Improvement
Mitchell Substation Third Bay	50-C0778	Planned Improvement
Mobile License Plate Readers	45-C0860	Public Safety
Multi-Use Paths	45-C0717	Planned Improvement
Municipal Broadband	45-C0008	Improve Service
Neighborhood Parks	45-C0751	Planned Improvement
New Sidewalks	45-C0595	Public Safety
Noland Drive Boys & Girls Club	50-C0818	Planned Improvement
Northwest Connector	45-C0735	Planned Improvement
Overhead Crane	45-C0858	Improve Service
Oxygen System Improvements	54-C0657	Public Safety
Pangborn Lake Reconstruction	45-C0812	Documented Savings
Pangborn Park Improvements	45-C0335	Planned Improvement
Park Circle Improvements	45-C0373	Public Safety
Park Equipment	45-C0237	Planned Improvement
Parking Facilities - 3rd Parking Deck	56-C0173	Planned Improvement
Parking Fund Vehicles	56-C0829	Planned Improvement
Parking Lot Improvements	56-C0857	Planned Improvement
Parks Vehicles and Equipment	45-C0570	Planned Improvement
Pavement Markings	45-C0093	Public Safety
Pavement Preservation Program	45-C0025	Planned Improvement
Pedestrian Lighting	50-C0388	Planned Improvement
Plant Equipment	54-C0584	Public Safety
Police Building Renovation	45-C0308	Planned Improvement
Police Crime Lab Equipment	45-C0182	Planned Improvement
Police Firing Range	45-C0226	Planned Improvement
Police Radios	45-C0128	Public Safety

CAPITAL IMPROVEMENTS PROGRAM - ALL FUNDS  
 FISCAL YEARS 2015/19  
 LIST OF PROJECTS ALPHABETICAL BY PROJECT NAME

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PROJECT NAME	PROJECT NUMBER	PROJECT PRIORITY
Police Vehicles	45-C0129	Public Safety
Potterfield Pool Improvements	45-C0822	Improve Service
Professional Court Extension - Phase I	45-C0685	Planned Improvement
Public Works Operations Center Improvement Program	45-C0250	Planned Improvement
Public Works Storage Yard Expansion	45-C0718	Planned Improvement
Public Works Vehicles	45-C0065	Planned Improvement
Pump Station Improvements	52-C0651	Planned Improvement
Pump Station Improvements	54-C0299	Public Safety
R. Paul Smith Boulevard	45-C0733	Planned Improvement
Signal Controller Upgrades	45-C0433	Planned Improvement
Signal Timing Optimization	45-C0640	Planned Improvement
Solids Processing-Pelletizer and WWTP Improvements	54-C0711	Contract Obligation
Spare Regulators	50-C0797	Improve Service
Staley Park Pavilion	45-C0387	Probable Grant
Standby Generator Replacement	45-C0846	Public Safety
State Highway Retrofit Sidewalk Program	45-C0527	Probable Grant
Steam Engine Museum	45-C0439	Planned Improvement
Storm Water Management Implementation	45-C0637	Contract Obligation
Stormdrain System Upgrades	45-C0444	Planned Improvement
System Reconductoring	50-C0259	Planned Improvement
Telemetry Equipment	50-C0111	Planned Improvement
Test Equipment	50-C0609	Planned Improvement
Time & Attendance Software and Equip	45-C0007	Planned Improvement
Traffic Calming	45-C0560	Planned Improvement
Tree Boxes	45-C0852	Planned Improvement
Trunk Lines and Laterals	54-C0834	Contract Obligation
University District Parking Deck	56-C0749	Planned Improvement
Wastewater Vehicle Replacement	54-C0004	Planned Improvement
Water System SCADA Improvements	52-C0820	Planned Improvement
Water Vehicles	52-C0117	Planned Improvement
Wesel Boulevard Development	50-C0220	Planned Improvement
Wildlife Protection	50-C0802	Improve Service
Willson Plant Improvements Phase IV	52-C0740	Planned Improvement
Willson Transmission Mains	52-C0167	Planned Improvement
Willson Treatment Plant	52-C0166	Planned Improvement
Winter Street School-Neighborhood Park	45-C0764	Probable Grant
Zone 3 Standpipe	52-C0323	Planned Improvement

**VEHICLE & EQUIPMENT REPLACEMENT SCHEDULE - ALL FUNDS  
FIVE YEAR PLAN - FISCAL YEARS 2015/19**

UNIT	VEHICLE	YEAR	DESCRIPTION	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>								
401			CHEVY TRUCK			20,000		
708			CHEVY TRUCK		20,000			
711	5674	2003	CHEVY S10					
712	5779	2005	JEEP LIBERTY			20,000		
713			FORD FOCUS					25,000
717	5699	2003	CHEVY CAVALIER				20,000	
718	5815	2006	CHEVY TRUCK					
716	5698	2003	CHEVY CAVALIER	25,000				
750	5822	2006	CHEVY TRUCK					
752	5786	2005	CHEVY COLORADO	-				
755	5751	2004	CHEVY COLORADO	20,000				
850			JEEP LIBERTY		25,000			
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT TOTAL</b>				<b>45,000</b>	<b>45,000</b>	<b>40,000</b>	<b>20,000</b>	<b>25,000</b>
<b>ENGINEERING DEPARTMENT</b>								
701			CHEVY COLORADO P/U					17,000
702	5814	2006	CHEVY COLORADO P/U			17,000		
703			CHEVY IMPALA SEDAN					17,000
705	5609	2000	GMC SONOMA P/U		16,000			
707	5865	2007	FORD FOCUS					
710	5542	1998	GMC SAFARI VAN					
<b>ENGINEERING DEPARTMENT TOTAL</b>				<b>-</b>	<b>16,000</b>	<b>17,000</b>	<b>-</b>	<b>34,000</b>
<b>PARKS DEPARTMENT</b>								
075			STONE MIXER			8,000		
300	5819	2006	CHEVY 3/4 TON 4WD P/U					
301	5755	2004	FORD F150 PICKUP		30,000			
303	5716	2003	FORD F550 4WD DUMP TRUCK	60,000				
308	5662	2002	FORD F550 4WD DUMP TRUCK		80,000			
309	5638	2001	GMC 1500 2WD PICKUP	30,000				
311	5515	1997	GMC 1500 P/U					
312	5756	2004	FORD F150 PICKUP		30,000			
316	5743	2004	JD 4X2 GATOR					
317	5744	2004	JD 4X2 GATOR			8,000		
319			BOBCAT LOADER					60,000
322	5797	2005	GRAVELY PM320 MOWER					
323			CHEVY TRUCK		30,000			
331	5850	2007	CHEVY 3/4 TON 4WD P/U				30,000	
333			JOHN DEERE BACKHOE					100,000
350	5306	1990	JD 2355 TRACTOR			65,000		
369	5800	2005	GRAVELY 260Z MOWER				12,000	
371	5484	1996	FORD F150 PICKUP					
372			TROY BUILT TRACTOR	25,000				
378	5884	2007	JD TX GATOR			8,000		
379	5460	1995	GRAVELY PM 300 MOWER				12,000	
380	5615	2000	SHUR-TRAIL TRAILER				5,000	
<b>PARKS DEPARTMENT TOTAL</b>				<b>115,000</b>	<b>140,000</b>	<b>119,000</b>	<b>59,000</b>	<b>160,000</b>
<b>PUBLIC WORKS DEPARTMENT</b>								
003	5688	2003	CHEVY BLAZER			25,000		
005	5213	1981	FORD TRACTOR			25,000		
006	5854	2006	BOBCAT A300					
017	5717	2003	FORD 4X4 DUMP			90,000		
019	5498	1996	GMC 1-TON DUMP TRUCK					
020	5606	1999	CHEVY C8500 DUMP TRUCK	140,000				
023	5451	1995	GMC 7000 DUMP TRUCK					
024	5452	1995	GMC 7000 DUMP TRUCK					
025	5647	2001	FORD F550 4WD DUMP TRUCK	90,000				
026	5780	2005	STERLING ACTERA DUMP		150,000			
027	5781	2005	STERLING ACTERA DUMP				150,000	
028			STERLING ACTERA RDS DUMP					150,000
030	5610	2000	GMC 1/2 T 4WD					
031			CHEVY CARGO VAN					25,000
034	5713	2004	CHEVY CREW CAB P/U			30,000		
035			CHEVY 3/4 TON TRUCK					30,000
045	5537	1998	GMC 1/2 TON P/U					
046	5713	2004	CHEVY CREW CAB P/U			25,000		
062	5664	2002	GRAVELY 300 MOWER			15,000		
063	5969	2011	Z930A JD MOWER		11,000			
079	5444	2000	TRAILER OWEN CLASSIC	4,000				
081	5377	1991	TRAILER PERMIER				4,000	
083	5111	1987	IR AIR COMPRESSOR		12,000			
084	5433	1993	WACKER ROLLER		12,000			
085	5523	1997	WACKER TAMPER	3,000				
089	5618	2000	TRAILER, SHUR TRAIL	4,000				
092	5795	2005	SCHWARZE SWEEPER				200,000	

**VEHICLE & EQUIPMENT REPLACEMENT SCHEDULE - ALL FUNDS  
FIVE YEAR PLAN - FISCAL YEARS 2015/19**

UNIT	VEHICLE	YEAR	DESCRIPTION	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
094	5578	1999	GMC SIERRA PICKUP	60,000				
601	5629	2000	F550 BUCKET TRUCK		75,000			
602			E350 BUCKET VAN					50,000
615			CHEVY CARGO VAN					20,000
<b>PUBLIC WORKS DEPARTMENT TOTAL</b>				<b>301,000</b>	<b>260,000</b>	<b>210,000</b>	<b>354,000</b>	<b>275,000</b>
<b>POLICE DEPARTMENT</b>								
NEW			VEHICLES (6)		160,000			
900	5631	1990	TOYOTA FOUR RUNNER					
914		2003	CROWN VICTORIA			40,000		
924	5944	2009	DODGE CHARGER					
925	5943	2009	DODGE CHARGER					
926	5942	2009	DODGE CHARGER					
927	5941	2009	DODGE CHARGER					
928	5889	1999	FORD EXPEDITION			10,000		
929	5888	2004	CHEVROLET IMPALA					
930	5878	2007	DODGE CHARGER					
931	5879	2007	DODGE CHARGER					
932	5880	2007	DODGE CHARGER					
933	5838	2006	FORD CROWN VICTORIA INTERCEPTOR					
934	5839	2006	FORD CROWN VICTORIA INTERCEPTOR					
935	5840	2006	FORD CROWN VICTORIA INTERCEPTOR					40,000
936	5841	2006	FORD CROWN VICTORIA INTERCEPTOR					40,000
937	5940	2009	DODGE CHARGER					
938	5794	2006	CAR MATE TRAILER					
939	5812	2006	FORD CROWN VICTORIA INTERCEPTOR					40,000
940	5811	2006	FORD CROWN VICTORIA INTERCEPTOR					40,000
941	5805	2006	FORD CROWN VICTORIA INTERCEPTOR					40,000
942	5843	2006	FORD CROWN VICTORIA INTERCEPTOR					
943	5960	1997	FORD EXPLORER				10,000	
944	5752	2004	FORD CROWN VICTORIA INTERCEPTOR				40,000	
946	5881	2007	DODGE CHARGER					
948	5514	1997	GMC JIMMY					
949		1998	FORD TAURUS					10,000
953	5783	2005	FORD EXPEDITION				40,000	
954	5528	1997	CHEVY LUMINA		10,000			
955	5541	1998	JEEP CHEROKEE					
957	5552	1998	FORD CROWN VICTORIA		40,000			
958	5919	2009	FORD CROWN VICTORIA INTERCEPTOR					
959		1998	FORD CROWN VICTORIA		40,000			
960		1998	FORD CROWN VICTORIA			40,000		
961	5921	2009	FORD CROWN VICTORIA INTERCEPTOR					
962	5620	2000	FORD CROWN VICTORIA				40,000	
963	5667	2003	FORD CROWN VICTORIA INTERCEPTOR			40,000		
964	5860	2000	FORD FOCUS	10,000				
967	5621	2000	FORD CROWN VICTORIA			40,000		
970	5837	2000	CHRYSLER CIRRUS					
972	5753	2004	FORD CROWN VICTORIA INTERCEPTOR				40,000	
973	5626	2001	CHEVY LUMINA					
975	5882	2007	DODGE CHARGER					
976	5959	2004	SATURN VUE					
977	5887	1975	CHEVY S-10					
978	5622	2000	FORD CROWN VICTORIA INTERCEPTOR					
979	5776	1999	HONDA ACCORD					
981	5883	2007	DODGE CHARGER					
982	5623	2000	FORD CROWN VICTORIA INTERCEPTOR			40,000		
984	5572	1999	FORD EXPLORER					
988	5668	2003	FORD CROWN VICTORIA INTERCEPTOR				40,000	
993	5495	1996	OLDSMOBILE CUTLASS					
998		1998	FORD CROWN VICTORIA			40,000		
999	5723	2001	FORD CROWN VICTORIA INTERCEPTOR				40,000	
9111	206004	2013	FORD TAURUS					
9401		2006	CROWN VICTORIA					40,000
<b>POLICE DEPARTMENT TOTAL</b>				<b>10,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>FIRE DEPARTMENT</b>								
ENG1	5435	1994	KME RENEGADE LFD					
ENG2								600,000
CAR2	5724	2004	GMC SAFARI VAN		50,000			
CAR3	5740	2004	CHEVY TAHOE			35,000		
CAR4	5768	2005	CHEVY BLAZER			35,000		
CAR7	5813	2005	CHEVY TRAILBLAZER					
CAR8	5856	2007	FORD EXPEDITION				40,000	
RE4	5349	1991	KME RENEGADE LFD		62,500	62,500		
TRK1		1998	AI 105' LADDER	900,000				
TRK4		1998	AI 105' LADDER		950,000			
U3A	5920	2008	FORD F350 PICKUP	100,000				
<b>FIRE DEPARTMENT TOTAL</b>				<b>1,000,000</b>	<b>1,132,500</b>	<b>102,500</b>	<b>-</b>	<b>600,000</b>

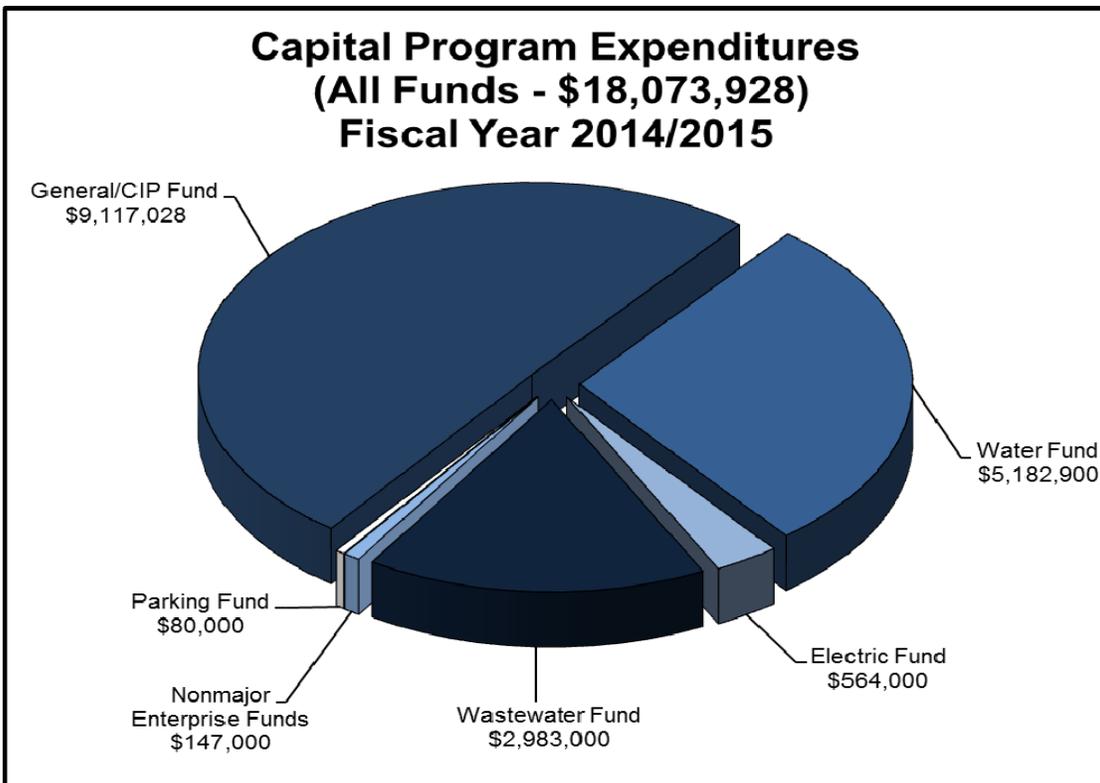
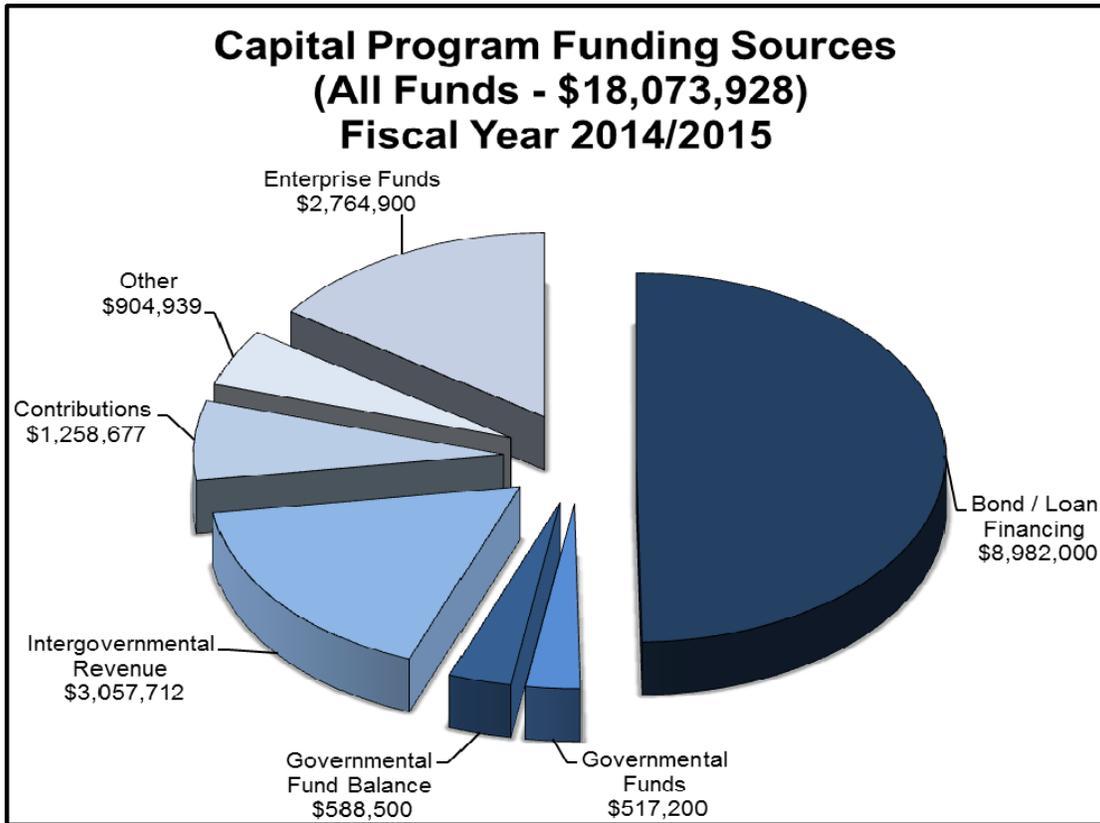
**VEHICLE & EQUIPMENT REPLACEMENT SCHEDULE - ALL FUNDS  
FIVE YEAR PLAN - FISCAL YEARS 2015/19**

UNIT	VEHICLE	YEAR	DESCRIPTION	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>GENERAL FUND TOTAL</b>				\$ 1,471,000	\$ 1,843,500	\$ 738,500	\$ 683,000	\$ 1,344,000
<b>ELECTRIC FUND</b>								
107	5520	1997	GMC SIERRA P/U					
109	5684	2003	CHEVY CAVALIER			20,000		
110	5672	2002	CHEVY CAVALIER			20,000		
111	5573	1999	GMC SONOMA			20,000		
112	5574	1999	GMC SONOMA			20,000		
113	5575	1999	GMC SONOMA			20,000		
121	5582	1999	GMC WITH ALTEC BUCKET		225,000			
117	5307	1990	JOHN DEERE 410C			84,000		
120	5441	1994	GMC/TEXOMA DIG/DERR				210,000	
122	5869	2007	CHEVY 3/4 TON 4WD					
124			BUCKET TRUCK					225,000
126	5871	2007	CHEVY 3/4 TON 4WD PICK-UP					
129	5569	1998	GMC WITH STAKE BODY					
135	5347	1991	GMC HOLAN STALLION BUCK	150,000				
138	5516	1997	PRO-CHIP WOOD CHIPPER					
<b>ELECTRIC FUND TOTAL</b>				<b>150,000</b>	<b>225,000</b>	<b>184,000</b>	<b>210,000</b>	<b>225,000</b>
<b>WATER FUND</b>								
P03	5874	2007	CHEVY COLORADO P/U			21,500		
200	5911	2008	CHEVY TRAIL BLAZER 4WD					
201	5862	2007	TRAIL BLAZER				25,400	
202	5828	2006	CHEVY 2500 4WD P/U		29,500			
203	5825	2006	CHEVY 2500 P/U		28,300			
205	5712	2003	FORD F550	75,500				
206	5627	2000	FORD F450					
207	5661	2002	INTERNATIONAL DUMP					
208	5792	2005	FORD F550			68,100		
209	5761	2004	CHEVY 3/4 TON VAN					
210	5614	2000	CHEVY 2500 4WD P/U	30,900				
211			DUMP TRUCK					78,750
212	5785	2005	CHEVY 2500 4WD P/U		25,600			
213	5962	2010	ARIENS ZOOM XL 54 MOWER		5,000			
214	5691	2003	CHEVY S10 P/U					
215	5820	2006	STERLING ACTERA DUMP			86,700		
216	5628	2000	FORD F450					
217	5581	1999	CHEVY 2500 P/U				45,900	
218	5793	2005	FORD F450					
219	5449	1994	VOLVO CRANE TRUCK	151,700				
221	5963	2010	ARIENS ZOOM XL 54 MOWER				5,000	
223	5853	2006	JD 310SG BACKHOE					
224	5407	1993	JCB BACKHOE	78,300				
225	5754	2004	JEEP LIBERTY	21,500				
226	5902	2008	CHEVY COLORADO			22,500		
227	5705	2003	CHEVY 2500 4WD P/U			26,300		
228	5656	2001	JOHN DEERE 4106 BACKHOE LOADER				96,200	
230	5640	2001	GMC JIMMY					
234	5750	2004	FORD F550					
237	5540	1998	JD 310E BACKHOE		80,200			
235	5643	2001	GMC S15					
238	5686	2003	KUT KWICK SLOPE MOWER 38HP				53,500	
239	5635	2001	FORD ESCAPE					
241	5576	1999	GMC JIMMY					24,700
244	5818	2006	JEEP LIBERTY		22,600			
254	5760	2004	FORD F250 P/U			25,000		
257			BACKHOE					95,800
260	5474	1995	CHEVY 3500 UTILITY					
261	5642	2001	GMC SONOMA					
<b>WATER FUND TOTAL</b>				<b>357,900</b>	<b>191,200</b>	<b>250,100</b>	<b>226,000</b>	<b>199,250</b>
<b>WASTEWATER FUND</b>								
501	5546	1998	JEEP CHEROKEE	35,000				
504	5906	2008	FORD F250 P/U					
505	5908	2008	CHEVY TRAIL BLAZER					
508	5690	2003	FORD F550 1-T W/CRANE			80,000		
512	5616	2000	GMC TOPKICK DUMP TRUCK	135,000				
513	5427	1993	KOHLER MGS 2226 GENERATOR					95,000
519	5285	1989	CHEVROLET 7D042 VACUUM TRUCK				70,000	
520	5248	1988	CASE TRACTOR 245/255	25,000				
522	5357	1991	INGERSOLL RAND LIGHT PLANT				45,000	
526	5695	2003	FORD F450 UTILITY TRUCK		75,000			
527	5539	1998	FORD W86 225 FLUSHER					
530	5378	1987	GARDNER DENVER AIR COMPRESS	17,000				
532	5611	2000	GMC SONOMA PICKUP TRUCK					
533	5657	2002	FORD RANGER P/U					
534	5660	2002	FORD ESCAPE		30,000			
535	5657	2002	NEW HOLLAND TRACTOR			25,000		

**VEHICLE & EQUIPMENT REPLACEMENT SCHEDULE - ALL FUNDS  
FIVE YEAR PLAN - FISCAL YEARS 2015/19**

UNIT	VEHICLE	YEAR	DESCRIPTION	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
536	5824	2006	CHEVY 2500 4 WD P/U					
592	5633	2001	JD 310SG BACKHOE			95,000		
594	5570	1999	JOHN DEERE BACKHOE LOADER 31	95,000				
595	5562	1998	CHEVY C8500 DUMP					
<b>WASTEWATER FUND TOTAL</b>				<b>307,000</b>	<b>105,000</b>	<b>200,000</b>	<b>115,000</b>	<b>95,000</b>
<b>PARKING FUND</b>								
033	5395	1992	CHEVY 3/4T 4WD P/U					
036	5613	2000	GMC SONOMA P/U	20,000				
037	5789	1994	GEO TRACKER		20,000			
050	5619	2000	MADVAC SWEEPER			25,000		
<b>PARKING FUND TOTAL</b>				<b>20,000</b>	<b>20,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
<b>GOLF COURSE</b>								
326	5859	2007	JACOBSEN III TRIPLEX REEL MOWER		30,000			
330	5485	1996	FORD F-150 P/U					
353	5465	1995	KUBOTA L4200GST				20,000	
373A	5478	1996	CUSHMAN TURF TRUCKSTER					20,000
389	5774	2004	CUSHMAN SPRAYER			30,000		
<b>GOLF FUND TOTAL</b>				<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>
<b>GRAND TOTAL - ALL FUNDS</b>				<b>\$ 2,305,900</b>	<b>\$ 2,414,700</b>	<b>\$ 1,427,600</b>	<b>\$ 1,254,000</b>	<b>\$ 1,883,250</b>

ALL FUNDS - FUNDING SOURCES AND EXPENDITURES  
FISCAL YEAR 2014/15



CAPITAL IMPROVEMENT PROGRAM - ALL FUNDS  
 FIVE YEAR PLAN - FISCAL YEARS 2015/19  
 EXPENDITURES SUMMARY BY FUND

DEPARTMENT	FY15	FY16	FY17	FY18	FY19	Total
Community Development	45,000	45,000	40,000	20,000	25,000	175,000
Engineering	4,333,589	2,806,000	5,240,000	8,790,000	6,164,000	27,333,589
Finance	1,900,000	2,700,000	625,000	-	-	5,225,000
Fire	1,000,000	1,232,500	202,500	-	1,250,000	3,685,000
Information Technology	344,939	256,000	201,000	181,000	181,000	1,163,939
Parks	665,000	1,453,451	1,794,000	4,529,000	4,790,000	13,231,451
Planning	45,000	-	-	-	-	45,000
Police	408,000	661,500	448,300	448,300	448,300	2,414,400
Public Works	375,500	945,000	1,166,000	425,000	346,000	3,257,500
<b>General/CIP Fund Total</b>	<b>\$ 9,117,028</b>	<b>\$ 10,099,451</b>	<b>\$ 9,716,800</b>	<b>\$ 14,393,300</b>	<b>\$ 13,204,300</b>	<b>\$ 56,530,879</b>
Electric Fund	564,000	949,000	1,148,000	1,239,000	944,000	4,844,000
Water Fund	5,182,900	7,419,200	8,215,460	2,894,615	5,539,680	29,251,855
Wastewater Fund	2,983,000	3,771,000	2,693,000	2,008,000	1,988,000	13,443,000
Parking Fund	80,000	1,685,000	8,510,000	60,000	45,000	10,380,000
Golf Fund	62,000	30,000	30,000	20,000	20,000	162,000
Property Management Fund	85,000	20,000	30,000	110,000	20,000	265,000
<b>Grand Total - All Funds</b>	<b>\$ 18,073,928</b>	<b>\$ 23,973,651</b>	<b>\$ 30,343,260</b>	<b>\$ 20,724,915</b>	<b>\$ 21,760,980</b>	<b>\$ 114,876,734</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**FUNDING SOURCE SUMMARY**

<b>Source</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (General Fund)	2,660,000	4,465,000	2,238,000	200,000	900,000	10,463,000
CIP Fund - GF Fund Balance	508,500					508,500
CIP Fund Balance	268,939	598,451				867,390
Contribution by Others	183,000	160,000	505,000	4,155,000	4,137,000	9,140,000
Electric Fund	564,000	949,000	1,148,000	1,239,000	944,000	4,844,000
Excise Tax Fund	87,000					87,000
Grants-Federal	105,000	110,000				215,000
Grants-State	75,000	125,000	300,000	100,000	432,000	1,032,000
Grants-State Program Open Space	172,800	225,000	247,500	180,000		825,300
PEG Fee	56,000	56,000	56,000	56,000	56,000	280,000
Transfers to CIP-CDBG Fund	80,000	180,000	80,000			340,000
Transfers to CIP-Electric Fund	29,000	15,000	40,000	35,000	35,000	154,000
Transfers to CIP-General Fund	135,200	1,329,000	930,300	807,300	1,410,300	4,612,100
Transfers to CIP-Prop Mgmt Fund	365,000					365,000
Transfers to CIP-Wastewater Fund	29,000	15,000	40,000	35,000	35,000	154,000
Transfers to CIP-Water Fund	29,000	15,000	40,000	35,000	35,000	154,000
<b>GRAND TOTAL</b>	<b>5,347,439</b>	<b>8,242,451</b>	<b>5,624,800</b>	<b>6,842,300</b>	<b>7,984,300</b>	<b>34,041,290</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Bond Financing (General Fund)</b>								
Fire Department Vehicle Replacement	45-C0010	5	850,000	800,000			600,000	2,250,000
City Park Lake Improvements	45-C0047	5			500,000			500,000
Public Works Vehicles	45-C0065	5	250,000	225,000	99,000	200,000	200,000	974,000
Market House Improvements	45-C0099	5			120,000			120,000
Major Signal Intersection Upgrades	45-C0243	5	100,000	60,000	80,000			240,000
City Hall Improvements	45-C0326	5		50,000	250,000			300,000
Stormdrain System Upgrades	45-C0444	5	150,000					150,000
Parks Vehicles and Equipment	45-C0570	5	60,000	80,000	119,000		100,000	359,000
Storm Water Management Implementation	45-C0637	2	200,000	300,000	800,000	800,000	800,000	2,900,000
Green Streets	45-C0639	5		600,000	600,000	600,000	600,000	2,400,000
Professional Court Extension - Phase I	45-C0685	5			1,000,000			1,000,000
Public Works Storage Yard Expansion	45-C0718	5		375,000	525,000			900,000
Northwest Connector	45-C0735	5				1,000,000	850,000	1,850,000
Pangborn Lake Reconstruction	45-C0812	3		400,000				400,000
MELP	45-C0839	5		2,235,000				2,235,000
Marsh Run Walls Rehabilitation	45-C0853	4		300,000				300,000
Downtown Redevelopment	45-C0854	5	1,500,000					1,500,000
Antietam Park (at former MELP site)	45-C0856	5			625,000			625,000
<b>Bond Financing (General Fund) Total</b>			<b>3,110,000</b>	<b>5,425,000</b>	<b>4,718,000</b>	<b>2,600,000</b>	<b>3,150,000</b>	<b>19,003,000</b>
<b>CIP Fund - GF Fund Balance</b>								
Public Works Vehicles	45-C0065	5	51,000					51,000
Market House Improvements	45-C0099	5	13,000					13,000
Police Vehicles	45-C0129	1	250,000					250,000
Community & Economic Development Vehicles	45-C0249	4	45,000					45,000
Mansion House Improvements	45-C0336	4	25,000					25,000
Parks Vehicles and Equipment	45-C0570	5	55,000					55,000
Gateway Signs	45-C0579	5	35,000					35,000
Kiwanis Park	45-C0773	2	27,500					27,500
Hagerstown Ice Rink	45-C0843	4	42,000					42,000
Tree Boxes	45-C0852	5	45,000					45,000
<b>CIP Fund - GF Fund Balance Total</b>			<b>588,500</b>					<b>588,500</b>
<b>CIP Fund Balance</b>								
Time & Attendance Software and Equip	45-C0007	5	45,000					45,000
Pavement Preservation Program	45-C0025	5	88,000					88,000
Steam Engine Museum	45-C0439	5	10,000	13,451				23,451
Geographic Information System	45-C0451	5	32,500	120,000				152,500
Cable PEG/I-Net	45-C0568	2	102,939					102,939
Public Works Storage Yard Expansion	45-C0718	5	10,000					10,000
George Washington Statue	45-C0837	5	25,000					25,000

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
MELP	45-C0839	5	35,000	465,000				500,000
Gasboy Fuel Mgmt System Upgrade	45-C0855	1	8,500					8,500
<b>CIP Fund Balance Total</b>			<b>356,939</b>	<b>598,451</b>				<b>955,390</b>

### Contribution by Others

Fire Department Vehicle Replacement	45-C0010	5	150,000	150,000				300,000
Fairground Grandstand Improvements	45-C0624	2			500,000	4,000,000	4,000,000	8,500,000
Fire Department Breathing Apparatus Equip	45-C0663	5					100,000	100,000
R. Paul Smith Boulevard	45-C0733	5			500,000	4,500,000		5,000,000
Northwest Connector	45-C0735	5				500,000	2,400,000	2,900,000
Antietam Creek Greenway Trail	45-C0774	5				150,000		150,000
Broadfording Road Reconstruction & Widening	45-C0831	5	1,055,677					1,055,677
George Washington Statue	45-C0837	5	20,000					20,000
Hagerstown Ice Rink	45-C0843	4	13,000	10,000	5,000	5,000	37,000	70,000
<b>Contribution by Others Total</b>			<b>1,238,677</b>	<b>160,000</b>	<b>1,005,000</b>	<b>9,155,000</b>	<b>6,537,000</b>	<b>18,095,677</b>

### Excise Tax Fund

Bridge Repair Program	45-C0400	4	75,000					75,000
Northwest Connector	45-C0735	5			280,000		150,000	430,000
Potterfield Pool Improvements	45-C0822	8	87,000					87,000
<b>Excise Tax Fund Total</b>			<b>162,000</b>		<b>280,000</b>		<b>150,000</b>	<b>592,000</b>

### Grants-Federal

Police Crime Lab Equipment	45-C0182	5	80,000	110,000				190,000
Police Firing Range	45-C0226	5	25,000					25,000
<b>Grants-Federal Total</b>			<b>105,000</b>	<b>110,000</b>				<b>215,000</b>

### Grants-State

Major Signal Intersection Upgrades	45-C0243	5	375,000					375,000
Park Circle Improvements	45-C0373	1	100,000					100,000
State Highway Retrofit Sidewalk Program	45-C0527	6	300,000	250,000	500,000			1,050,000
Storm Water Management Implementation	45-C0637	2	500,000	250,000	250,000	250,000	250,000	1,500,000
Green Streets	45-C0639	5		200,000	200,000	200,000	200,000	800,000
Multi-Use Paths	45-C0717	5			300,000	100,000		400,000
Mills Park Multi-Use Paths	45-C0737	5		25,000				25,000
Kiwanis Park	45-C0773	2	75,000					75,000
Antietam Creek Greenway Trail	45-C0774	5					432,000	432,000
Pangborn Lake Reconstruction	45-C0812	3		100,000				100,000
<b>Grants-State Total</b>			<b>1,350,000</b>	<b>825,000</b>	<b>1,250,000</b>	<b>550,000</b>	<b>882,000</b>	<b>4,857,000</b>

### Grants-State Aid in Lieu of Urban Fu

Bridge Repair Program	45-C0400	4	50,000					50,000
<b>Grants-State Aid in Lieu of Urban Funds Total</b>			<b>50,000</b>					<b>50,000</b>

### Grants-State Program Open Space

Park Equipment	45-C0237	5	27,000					27,000
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Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Pangborn Park Improvements	45-C0335	5	10,800					10,800
Staley Park Pavilion	45-C0387	6	22,500					22,500
Steam Engine Museum	45-C0439	5			22,500			22,500
City Park Parking Improvements	45-C0522	5		225,000	225,000			450,000
Winter Street School-Neighborhood Park	45-C0764	6				180,000		180,000
Kiwanis Park	45-C0773	2	22,500					22,500
Potterfield Pool Improvements	45-C0822	8	63,000					63,000
Community Garden	45-C0859	6	27,000					27,000
<b>Grants-State Program Open Space Total</b>			<b>172,800</b>	<b>225,000</b>	<b>247,500</b>	<b>180,000</b>		<b>825,300</b>
<b>PEG Fee</b>								
Cable PEG/I-Net	45-C0568	2	56,000	56,000	56,000	56,000	56,000	280,000
<b>PEG Fee Total</b>			<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>280,000</b>
<b>Reforestation Funds</b>								
Installation of Street Trees	45-C0594	5	40,000					40,000
<b>Reforestation Funds Total</b>			<b>40,000</b>					<b>40,000</b>
<b>State Highway User Revenue</b>								
Pavement Preservation Program	45-C0025	5	813,912	350,000	350,000	350,000	350,000	2,213,912
Pavement Markings	45-C0093	1	75,000					75,000
Accessibility Ramps	45-C0217	6	26,000					26,000
Alley Reconstruction	45-C0324	5	75,000					75,000
Park Circle Improvements	45-C0373	1	90,000					90,000
<b>State Highway User Revenue Total</b>			<b>1,079,912</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>2,479,912</b>
<b>Transfers to CIP-CDBG Fund</b>								
Accessibility Ramps	45-C0217	6	60,000	75,000	40,000	40,000	40,000	255,000
New Sidewalks	45-C0595	1		35,000				35,000
Neighborhood Parks	45-C0751	5	80,000	100,000	80,000			260,000
Memorial Park	45-C0784	8		80,000				80,000
<b>Transfers to CIP-CDBG Fund Total</b>			<b>140,000</b>	<b>290,000</b>	<b>120,000</b>	<b>40,000</b>	<b>40,000</b>	<b>630,000</b>
<b>Transfers to CIP-Electric Fund</b>								
Computer Equipment and Software	45-C0006	5	15,000	15,000	20,000	15,000	15,000	80,000
Time & Attendance Software and Equip	45-C0007	5	4,000					4,000
Geographic Information System	45-C0451	5	10,000		20,000	20,000	20,000	70,000
<b>Transfers to CIP-Electric Fund Total</b>			<b>29,000</b>	<b>15,000</b>	<b>40,000</b>	<b>35,000</b>	<b>35,000</b>	<b>154,000</b>
<b>Transfers to CIP-General Fund</b>								
Computer Equipment and Software	45-C0006	5	15,000	15,000	20,000	15,000	15,000	80,000
Time & Attendance Software and Equip	45-C0007	5	4,000					4,000
Municipal Broadband	45-C0008	8		20,000				20,000
Fire Department Vehicle Replacement	45-C0010	5		182,500	102,500			285,000
Pavement Preservation Program	45-C0025	5		350,000	350,000	350,000	350,000	1,400,000
Public Works Vehicles	45-C0065	5		35,000	111,000	154,000	75,000	375,000

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Pavement Markings	45-C0093	1		75,000	75,000	15,000	15,000	180,000
Police Radios	45-C0128	1		175,500	168,300	168,300	168,300	680,400
Police Vehicles	45-C0129	1		250,000	250,000	250,000	250,000	1,000,000
Engineering Vehicles	45-C0133	4		16,000	17,000		34,000	67,000
Park Equipment	45-C0237	5	3,000					3,000
Fire Training Tower	45-C0241	5			100,000			100,000
Junior Fire Engine Company #3	45-C0242	5		100,000				100,000
LED Signal Lights	45-C0245	4		15,000	15,000	15,000	15,000	60,000
Community & Economic Development Vehicles	45-C0249	4		45,000	40,000	20,000	25,000	130,000
Public Works Operations Center Improvement Program	45-C0250	5	6,000	120,000	6,000	6,000	6,000	144,000
Downtown Beautification Program	45-C0280	5	25,000	25,000	25,000	25,000	25,000	125,000
Police Building Renovation	45-C0308	5	53,000	66,000	30,000	30,000	30,000	209,000
Alley Reconstruction	45-C0324	5		140,000	53,000	60,000	40,000	293,000
City Hall Improvements	45-C0326	5		50,000		10,000	25,000	85,000
Pangborn Park Improvements	45-C0335	5	1,200					1,200
Park Circle Improvements	45-C0373	1	10,000					10,000
Staley Park Pavilion	45-C0387	6	2,500					2,500
Signal Controller Upgrades	45-C0433	5			15,000	15,000		30,000
Steam Engine Museum	45-C0439	5			2,500			2,500
Stormdrain System Upgrades	45-C0444	5			40,000	40,000		80,000
Geographic Information System	45-C0451	5	2,500		5,000	5,000	5,000	17,500
Curb and Sidewalk Replacement Program	45-C0458	5	25,000	25,000	25,000	25,000	25,000	125,000
City Park Parking Improvements	45-C0522	5		25,000	25,000			50,000
Traffic Calming	45-C0560	5	20,000	20,000	20,000	20,000	20,000	100,000
Parks Vehicles and Equipment	45-C0570	5		60,000		59,000	60,000	179,000
Installation of Street Trees	45-C0594	5		40,000	40,000	40,000	40,000	160,000
New Sidewalks	45-C0595	1	5,000					5,000
Signal Timing Optimization	45-C0640	5	20,000	20,000	20,000			60,000
Fire Department Breathing Apparatus Equip	45-C0663	5					550,000	550,000
Mills Park Multi-Use Paths	45-C0737	5		5,000				5,000
Winter Street School-Neighborhood Park	45-C0764	6				20,000		20,000
Antietam Creek Greenway Trail	45-C0774	5					48,000	48,000
City Park Irrigation System	45-C0826	4	8,000					8,000
Hagerstown Ice Rink	45-C0843	4		30,000	15,000	15,000	113,000	173,000
Standby Generator Replacement	45-C0846	1	12,000					12,000
Overhead Crane	45-C0858	8		50,000				50,000
Community Garden	45-C0859	6	3,000					3,000
Mobile License Plate Readers	45-C0860	1		60,000				60,000
<b>Transfers to CIP-General Fund Total</b>			<b>215,200</b>	<b>2,015,000</b>	<b>1,570,300</b>	<b>1,357,300</b>	<b>1,934,300</b>	<b>7,092,100</b>

#### Transfers to CIP-Prop Mgmt Fund

MELP	45-C0839	5	365,000					365,000
<b>Transfers to CIP-Prop Mgmt Fund Total</b>			<b>365,000</b>					<b>365,000</b>

#### Transfers to CIP-Wastewater Fund

Computer Equipment and Software	45-C0006	5	15,000	15,000	20,000	15,000	15,000	80,000
Time & Attendance Software and Equip	45-C0007	5	4,000					4,000
Geographic Information System	45-C0451	5	10,000		20,000	20,000	20,000	70,000
<b>Transfers to CIP-Wastewater Fund Total</b>			<b>29,000</b>	<b>15,000</b>	<b>40,000</b>	<b>35,000</b>	<b>35,000</b>	<b>154,000</b>

#### Transfers to CIP-Water Fund

<b>Source</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Computer Equipment and Software	45-C0006	5	15,000	15,000	20,000	15,000	15,000	80,000
Time & Attendance Software and Equip	45-C0007	5	4,000					4,000
Geographic Information System	45-C0451	5	10,000		20,000	20,000	20,000	70,000
<b>Transfers to CIP-Water Fund Total</b>			<b>29,000</b>	<b>15,000</b>	<b>40,000</b>	<b>35,000</b>	<b>35,000</b>	<b>154,000</b>
<b>GRAND TOTAL</b>			<b>9,117,028</b>	<b>10,099,451</b>	<b>9,716,800</b>	<b>14,393,300</b>	<b>13,204,300</b>	<b>56,530,879</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**DEPARTMENT SUMMARY**

<b>Department</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Community Development	45,000	45,000	40,000	20,000	25,000	175,000
Engineering	4,333,589	2,806,000	5,240,000	8,790,000	6,164,000	27,333,589
Finance	1,900,000	2,700,000	625,000			5,225,000
Fire	1,000,000	1,232,500	202,500		1,250,000	3,685,000
Information Technology	344,939	256,000	201,000	181,000	181,000	1,163,939
Parks	665,000	1,453,451	1,794,000	4,529,000	4,790,000	13,231,451
Planning	45,000					45,000
Police	408,000	661,500	448,300	448,300	448,300	2,414,400
Public Works	375,500	945,000	1,166,000	425,000	346,000	3,257,500
<b>TOTAL</b>	<b>9,117,028</b>	<b>10,099,451</b>	<b>9,716,800</b>	<b>14,393,300</b>	<b>13,204,300</b>	<b>56,530,879</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**CATEGORY SUMMARY**

<b>Category</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Amenities	82,000	300,000				382,000
Automobiles and Trucks	1,711,000	1,843,500	738,500	683,000	1,344,000	6,320,000
Buildings and Structures	1,555,912	4,174,451	2,136,000	4,746,000	4,761,000	17,373,363
Energy Savings	55,000	40,000	20,000	20,000	150,000	285,000
Infrastructure-Alleys	75,000	140,000	53,000	60,000	40,000	368,000
Infrastructure-Bridges	125,000					125,000
Infrastructure-Parks	30,000	80,000	625,000			735,000
Infrastructure-Sidewalks	416,000	385,000	565,000	65,000	65,000	1,496,000
Infrastructure-Storm Drains	850,000	550,000	1,090,000	1,090,000	1,050,000	4,630,000
Infrastructure-Streets	1,350,677	95,000	1,875,000	6,035,000	3,435,000	12,790,677
Infrastructure-Utilities	475,000	60,000	80,000			615,000
Land Acquisition				200,000		200,000
Land Improvements	358,000	445,000	1,195,000	315,000	545,000	2,858,000
Machinery and Equipment	395,439	566,500	474,300	314,300	949,300	2,699,839
Software	126,000	120,000	65,000	65,000	65,000	441,000
Storm Water		1,300,000	800,000	800,000	800,000	3,700,000
Unassigned	1,512,000					1,512,000
<b>TOTAL</b>	<b>9,117,028</b>	<b>10,099,451</b>	<b>9,716,800</b>	<b>14,393,300</b>	<b>13,204,300</b>	<b>56,530,879</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**EXPENDITURE TYPE SUMMARY**

<b>Expenditure Type</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design	145,000	190,000	1,201,000	65,000	65,000	1,666,000
Land Acquisition	480,000		280,000	150,000		910,000
Construction/Maintenance	4,822,589	4,819,451	7,113,000	13,131,000	10,796,000	40,682,040
Equip/Vehicles/Furnishings	2,058,439	2,390,000	1,072,800	997,300	2,293,300	8,811,839
Other	1,550,000		50,000	50,000	50,000	1,700,000
Demolition		2,700,000				2,700,000
Software	61,000					61,000
<b>TOTAL</b>	<b>9,117,028</b>	<b>10,099,451</b>	<b>9,716,800</b>	<b>14,393,300</b>	<b>13,204,300</b>	<b>56,530,879</b>

City of Hagerstown, Maryland

*GENERAL/CIP FUND*

FY '15 thru FY '19

**PROJECTS BY DEPARTMENT**

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Community Development</b>								
Community & Economic Development Vehicles	45-C0249	4	45,000	45,000	40,000	20,000	25,000	175,000
<b>Community Development Total</b>			<b>45,000</b>	<b>45,000</b>	<b>40,000</b>	<b>20,000</b>	<b>25,000</b>	<b>175,000</b>
<b>Engineering</b>								
Pavement Preservation Program	45-C0025	5	901,912	700,000	700,000	700,000	700,000	3,701,912
Pavement Markings	45-C0093	1	75,000	75,000	75,000	15,000	15,000	255,000
Engineering Vehicles	45-C0133	4		16,000	17,000		34,000	67,000
Accessibility Ramps	45-C0217	6	86,000	75,000	40,000	40,000	40,000	281,000
Major Signal Intersection Upgrades	45-C0243	5	475,000	60,000	80,000			615,000
Alley Reconstruction	45-C0324	5	75,000	140,000	53,000	60,000	40,000	368,000
Park Circle Improvements	45-C0373	1	200,000					200,000
Bridge Repair Program	45-C0400	4	125,000					125,000
Stormdrain System Upgrades	45-C0444	5	150,000		40,000	40,000		230,000
Curb and Sidewalk Replacement Program	45-C0458	5	25,000	25,000	25,000	25,000	25,000	125,000
State Highway Retrofit Sidewalk Program	45-C0527	6	300,000	250,000	500,000			1,050,000
Traffic Calming	45-C0560	5	20,000	20,000	20,000	20,000	20,000	100,000
Gateway Signs	45-C0579	5	35,000					35,000
Installation of Street Trees	45-C0594	5	40,000	40,000	40,000	40,000	40,000	200,000
New Sidewalks	45-C0595	1	5,000	35,000				40,000
Storm Water Management Implementation	45-C0637	2	700,000	550,000	1,050,000	1,050,000	1,050,000	4,400,000
Green Streets	45-C0639	5		800,000	800,000	800,000	800,000	3,200,000
Signal Timing Optimization	45-C0640	5	20,000	20,000	20,000			60,000
Professional Court Extension - Phase I	45-C0685	5			1,000,000			1,000,000
R. Paul Smith Boulevard	45-C0733	5			500,000	4,500,000		5,000,000
Northwest Connector	45-C0735	5			280,000	1,500,000	3,400,000	5,180,000
Broadfording Road Reconstruction & Widening	45-C0831	5	1,055,677					1,055,677
Tree Boxes	45-C0852	5	45,000					45,000
<b>Engineering Total</b>			<b>4,333,589</b>	<b>2,806,000</b>	<b>5,240,000</b>	<b>8,790,000</b>	<b>6,164,000</b>	<b>27,333,589</b>
<b>Finance</b>								
MELP	45-C0839	5	400,000	2,700,000				3,100,000
Downtown Redevelopment	45-C0854	5	1,500,000					1,500,000
Antietam Park (at former MELP site)	45-C0856	5			625,000			625,000
<b>Finance Total</b>			<b>1,900,000</b>	<b>2,700,000</b>	<b>625,000</b>			<b>5,225,000</b>
<b>Fire</b>								
Fire Department Vehicle Replacement	45-C0010	5	1,000,000	1,132,500	102,500		600,000	2,835,000
Fire Training Tower	45-C0241	5			100,000			100,000
Junior Fire Engine Company #3	45-C0242	5		100,000				100,000
Fire Department Breathing Apparatus Equip	45-C0663	5					650,000	650,000
<b>Fire Total</b>			<b>1,000,000</b>	<b>1,232,500</b>	<b>202,500</b>		<b>1,250,000</b>	<b>3,685,000</b>

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Information Technology</b>								
Computer Equipment and Software	45-C0006	5	60,000	60,000	80,000	60,000	60,000	320,000
Time & Attendance Software and Equip	45-C0007	5	61,000					61,000
Municipal Broadband	45-C0008	8		20,000				20,000
Geographic Information System	45-C0451	5	65,000	120,000	65,000	65,000	65,000	380,000
Cable PEG/I-Net	45-C0568	2	158,939	56,000	56,000	56,000	56,000	382,939
<b>Information Technology Total</b>			<b>344,939</b>	<b>256,000</b>	<b>201,000</b>	<b>181,000</b>	<b>181,000</b>	<b>1,163,939</b>
<b>Parks</b>								
City Park Lake Improvements	45-C0047	5			500,000			500,000
Park Equipment	45-C0237	5	30,000					30,000
Pangborn Park Improvements	45-C0335	5	12,000					12,000
Mansion House Improvements	45-C0336	4	25,000					25,000
Staley Park Pavilion	45-C0387	6	25,000					25,000
Steam Engine Museum	45-C0439	5	10,000	13,451	25,000			48,451
City Park Parking Improvements	45-C0522	5		250,000	250,000			500,000
Parks Vehicles and Equipment	45-C0570	5	115,000	140,000	119,000	59,000	160,000	593,000
Fairground Grandstand Improvements	45-C0624	2			500,000	4,000,000	4,000,000	8,500,000
Multi-Use Paths	45-C0717	5			300,000	100,000		400,000
Mills Park Multi-Use Paths	45-C0737	5		30,000				30,000
Neighborhood Parks	45-C0751	5	80,000	100,000	80,000			260,000
Winter Street School-Neighborhood Park	45-C0764	6				200,000		200,000
Kiwanis Park	45-C0773	2	125,000					125,000
Antietam Creek Greenway Trail	45-C0774	5				150,000	480,000	630,000
Memorial Park	45-C0784	8		80,000				80,000
Pangborn Lake Reconstruction	45-C0812	3		500,000				500,000
Potterfield Pool Improvements	45-C0822	8	150,000					150,000
City Park Irrigation System	45-C0826	4	8,000					8,000
Hagerstown Ice Rink	45-C0843	4	55,000	40,000	20,000	20,000	150,000	285,000
Marsh Run Walls Rehabilitation	45-C0853	4		300,000				300,000
Community Garden	45-C0859	6	30,000					30,000
<b>Parks Total</b>			<b>665,000</b>	<b>1,453,451</b>	<b>1,794,000</b>	<b>4,529,000</b>	<b>4,790,000</b>	<b>13,231,451</b>
<b>Planning</b>								
George Washington Statue	45-C0837	5	45,000					45,000
<b>Planning Total</b>			<b>45,000</b>					<b>45,000</b>
<b>Police</b>								
Police Radios	45-C0128	1		175,500	168,300	168,300	168,300	680,400
Police Vehicles	45-C0129	1	250,000	250,000	250,000	250,000	250,000	1,250,000
Police Crime Lab Equipment	45-C0182	5	80,000	110,000				190,000
Police Firing Range	45-C0226	5	25,000					25,000
Police Building Renovation	45-C0308	5	53,000	66,000	30,000	30,000	30,000	209,000
Mobile License Plate Readers	45-C0860	1		60,000				60,000
<b>Police Total</b>			<b>408,000</b>	<b>661,500</b>	<b>448,300</b>	<b>448,300</b>	<b>448,300</b>	<b>2,414,400</b>
<b>Public Works</b>								
Public Works Vehicles	45-C0065	5	301,000	260,000	210,000	354,000	275,000	1,400,000
Market House Improvements	45-C0099	5	13,000		120,000			133,000
LED Signal Lights	45-C0245	4		15,000	15,000	15,000	15,000	60,000
Public Works Operations Center Improvement Program	45-C0250	5	6,000	120,000	6,000	6,000	6,000	144,000
Downtown Beautification Program	45-C0280	5	25,000	25,000	25,000	25,000	25,000	125,000

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
City Hall Improvements	45-C0326	5		100,000	250,000	10,000	25,000	385,000
Signal Controller Upgrades	45-C0433	5			15,000	15,000		30,000
Public Works Storage Yard Expansion	45-C0718	5	10,000	375,000	525,000			910,000
Standby Generator Replacement	45-C0846	1	12,000					12,000
Gasboy Fuel Mgmt System Upgrade	45-C0855	1	8,500					8,500
Overhead Crane	45-C0858	8		50,000				50,000
<b>Public Works Total</b>			375,500	945,000	1,166,000	425,000	346,000	3,257,500
<b>GRAND TOTAL</b>			9,117,028	10,099,451	9,716,800	14,393,300	13,204,300	56,530,879

City of Hagerstown, Maryland

GENERAL/CIP FUND

FY '15 thru FY '19

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Community Development</b>								
Community & Economic Development Vehicles	45-C0249	4	45,000	45,000	40,000	20,000	25,000	175,000
<i>CIP Fund - GF Fund Balance</i>			45,000					45,000
<i>Transfers to CIP-General Fund</i>				45,000	40,000	20,000	25,000	130,000
<b>Community Development Total</b>			45,000	45,000	40,000	20,000	25,000	175,000
<b>Engineering</b>								
Pavement Preservation Program	45-C0025	5	901,912	700,000	700,000	700,000	700,000	3,701,912
<i>CIP Fund Balance</i>			88,000					88,000
<i>State Highway User Revenue</i>			813,912	350,000	350,000	350,000	350,000	2,213,912
<i>Transfers to CIP-General Fund</i>				350,000	350,000	350,000	350,000	1,400,000
Pavement Markings	45-C0093	1	75,000	75,000	75,000	15,000	15,000	255,000
<i>State Highway User Revenue</i>			75,000					75,000
<i>Transfers to CIP-General Fund</i>				75,000	75,000	15,000	15,000	180,000
Engineering Vehicles	45-C0133	4		16,000	17,000		34,000	67,000
<i>Transfers to CIP-General Fund</i>				16,000	17,000		34,000	67,000
Accessibility Ramps	45-C0217	6	86,000	75,000	40,000	40,000	40,000	281,000
<i>State Highway User Revenue</i>			26,000					26,000
<i>Transfers to CIP-CDBG Fund</i>			60,000	75,000	40,000	40,000	40,000	255,000
Major Signal Intersection Upgrades	45-C0243	5	475,000	60,000	80,000			615,000
<i>Bond Financing (General Fund)</i>			100,000	60,000	80,000			240,000
<i>Grants-State</i>			375,000					375,000
Alley Reconstruction	45-C0324	5	75,000	140,000	53,000	60,000	40,000	368,000
<i>State Highway User Revenue</i>			75,000					75,000
<i>Transfers to CIP-General Fund</i>				140,000	53,000	60,000	40,000	293,000
Park Circle Improvements	45-C0373	1	200,000					200,000
<i>Grants-State</i>			100,000					100,000
<i>State Highway User Revenue</i>			90,000					90,000
<i>Transfers to CIP-General Fund</i>			10,000					10,000
Bridge Repair Program	45-C0400	4	125,000					125,000
<i>Excise Tax Fund</i>			75,000					75,000
<i>Grants-State Aid in Lieu of Urban Funds</i>			50,000					50,000
Stormdrain System Upgrades	45-C0444	5	150,000		40,000	40,000		230,000
<i>Bond Financing (General Fund)</i>			150,000					150,000
<i>Transfers to CIP-General Fund</i>					40,000	40,000		80,000
Curb and Sidewalk Replacement Program	45-C0458	5	25,000	25,000	25,000	25,000	25,000	125,000
<i>Transfers to CIP-General Fund</i>			25,000	25,000	25,000	25,000	25,000	125,000
State Highway Retrofit Sidewalk Program	45-C0527	6	300,000	250,000	500,000			1,050,000
<i>Grants-State</i>			300,000	250,000	500,000			1,050,000
Traffic Calming	45-C0560	5	20,000	20,000	20,000	20,000	20,000	100,000
<i>Transfers to CIP-General Fund</i>			20,000	20,000	20,000	20,000	20,000	100,000
Gateway Signs	45-C0579	5	35,000					35,000

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<i>CIP Fund - GF Fund Balance</i>			35,000					35,000
Installation of Street Trees	45-C0594	5	40,000	40,000	40,000	40,000	40,000	200,000
<i>Reforestation Funds</i>			40,000					40,000
<i>Transfers to CIP-General Fund</i>				40,000	40,000	40,000	40,000	160,000
New Sidewalks	45-C0595	1	5,000	35,000				40,000
<i>Transfers to CIP-CDBG Fund</i>				35,000				35,000
<i>Transfers to CIP-General Fund</i>			5,000					5,000
Storm Water Management Implementation	45-C0637	2	700,000	550,000	1,050,000	1,050,000	1,050,000	4,400,000
<i>Bond Financing (General Fund)</i>			200,000	300,000	800,000	800,000	800,000	2,900,000
<i>Grants-State</i>			500,000	250,000	250,000	250,000	250,000	1,500,000
Green Streets	45-C0639	5		800,000	800,000	800,000	800,000	3,200,000
<i>Bond Financing (General Fund)</i>				600,000	600,000	600,000	600,000	2,400,000
<i>Grants-State</i>				200,000	200,000	200,000	200,000	800,000
Signal Timing Optimization	45-C0640	5	20,000	20,000	20,000			60,000
<i>Transfers to CIP-General Fund</i>			20,000	20,000	20,000			60,000
Professional Court Extension - Phase I	45-C0685	5			1,000,000			1,000,000
<i>Bond Financing (General Fund)</i>					1,000,000			1,000,000
R. Paul Smith Boulevard	45-C0733	5			500,000	4,500,000		5,000,000
<i>Contribution by Others</i>					500,000	4,500,000		5,000,000
Northwest Connector	45-C0735	5			280,000	1,500,000	3,400,000	5,180,000
<i>Bond Financing (General Fund)</i>						1,000,000	850,000	1,850,000
<i>Contribution by Others</i>						500,000	2,400,000	2,900,000
<i>Excise Tax Fund</i>					280,000		150,000	430,000
Broadfording Road Reconstruction & Widening	45-C0831	5	1,055,677					1,055,677
<i>Contribution by Others</i>			1,055,677					1,055,677
Tree Boxes	45-C0852	5	45,000					45,000
<i>CIP Fund - GF Fund Balance</i>			45,000					45,000
<b>Engineering Total</b>			4,333,589	2,806,000	5,240,000	8,790,000	6,164,000	27,333,589

## Finance

MELP	45-C0839	5	400,000	2,700,000				3,100,000
<i>Bond Financing (General Fund)</i>				2,235,000				2,235,000
<i>CIP Fund Balance</i>			35,000	465,000				500,000
<i>Transfers to CIP-Prop Mgmt Fund</i>			365,000					365,000
Downtown Redevelopment	45-C0854	5	1,500,000					1,500,000
<i>Bond Financing (General Fund)</i>			1,500,000					1,500,000
Antietam Park (at former MELP site)	45-C0856	5			625,000			625,000
<i>Bond Financing (General Fund)</i>					625,000			625,000
<b>Finance Total</b>			1,900,000	2,700,000	625,000			5,225,000

## Fire

Fire Department Vehicle Replacement	45-C0010	5	1,000,000	1,132,500	102,500		600,000	2,835,000
<i>Bond Financing (General Fund)</i>			850,000	800,000			600,000	2,250,000
<i>Contribution by Others</i>			150,000	150,000				300,000
<i>Transfers to CIP-General Fund</i>				182,500	102,500			285,000
Fire Training Tower	45-C0241	5			100,000			100,000
<i>Transfers to CIP-General Fund</i>					100,000			100,000
Junior Fire Engine Company #3	45-C0242	5		100,000				100,000
<i>Transfers to CIP-General Fund</i>				100,000				100,000
Fire Department Breathing Apparatus Equip	45-C0663	5					650,000	650,000

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Contribution by Others							100,000	100,000
Transfers to CIP-General Fund							550,000	550,000
<b>Fire Total</b>			<b>1,000,000</b>	<b>1,232,500</b>	<b>202,500</b>		<b>1,250,000</b>	<b>3,685,000</b>

### Information Technology

Computer Equipment and Software	45-C0006	5	60,000	60,000	80,000	60,000	60,000	320,000
<i>Transfers to CIP-Electric Fund</i>			15,000	15,000	20,000	15,000	15,000	80,000
<i>Transfers to CIP-General Fund</i>			15,000	15,000	20,000	15,000	15,000	80,000
<i>Transfers to CIP-Wastewater Fund</i>			15,000	15,000	20,000	15,000	15,000	80,000
<i>Transfers to CIP-Water Fund</i>			15,000	15,000	20,000	15,000	15,000	80,000
Time & Attendance Software and Equip	45-C0007	5	61,000					61,000
<i>CIP Fund Balance</i>			45,000					45,000
<i>Transfers to CIP-Electric Fund</i>			4,000					4,000
<i>Transfers to CIP-General Fund</i>			4,000					4,000
<i>Transfers to CIP-Wastewater Fund</i>			4,000					4,000
<i>Transfers to CIP-Water Fund</i>			4,000					4,000
Municipal Broadband	45-C0008	8		20,000				20,000
<i>Transfers to CIP-General Fund</i>				20,000				20,000
Geographic Information System	45-C0451	5	65,000	120,000	65,000	65,000	65,000	380,000
<i>CIP Fund Balance</i>			32,500	120,000				152,500
<i>Transfers to CIP-Electric Fund</i>			10,000		20,000	20,000	20,000	70,000
<i>Transfers to CIP-General Fund</i>			2,500		5,000	5,000	5,000	17,500
<i>Transfers to CIP-Wastewater Fund</i>			10,000		20,000	20,000	20,000	70,000
<i>Transfers to CIP-Water Fund</i>			10,000		20,000	20,000	20,000	70,000
Cable PEG/I-Net	45-C0568	2	158,939	56,000	56,000	56,000	56,000	382,939
<i>CIP Fund Balance</i>			102,939					102,939
<i>PEG Fee</i>			56,000	56,000	56,000	56,000	56,000	280,000
<b>Information Technology Total</b>			<b>344,939</b>	<b>256,000</b>	<b>201,000</b>	<b>181,000</b>	<b>181,000</b>	<b>1,163,939</b>

### Parks

City Park Lake Improvements	45-C0047	5			500,000			500,000
<i>Bond Financing (General Fund)</i>					500,000			500,000
Park Equipment	45-C0237	5	30,000					30,000
<i>Grants-State Program Open Space</i>			27,000					27,000
<i>Transfers to CIP-General Fund</i>			3,000					3,000
Pangborn Park Improvements	45-C0335	5	12,000					12,000
<i>Grants-State Program Open Space</i>			10,800					10,800
<i>Transfers to CIP-General Fund</i>			1,200					1,200
Mansion House Improvements	45-C0336	4	25,000					25,000
<i>CIP Fund - GF Fund Balance</i>			25,000					25,000
Staley Park Pavilion	45-C0387	6	25,000					25,000
<i>Grants-State Program Open Space</i>			22,500					22,500
<i>Transfers to CIP-General Fund</i>			2,500					2,500
Steam Engine Museum	45-C0439	5	10,000	13,451	25,000			48,451
<i>CIP Fund Balance</i>			10,000	13,451				23,451
<i>Grants-State Program Open Space</i>					22,500			22,500
<i>Transfers to CIP-General Fund</i>					2,500			2,500
City Park Parking Improvements	45-C0522	5		250,000	250,000			500,000
<i>Grants-State Program Open Space</i>				225,000	225,000			450,000
<i>Transfers to CIP-General Fund</i>				25,000	25,000			50,000
Parks Vehicles and Equipment	45-C0570	5	115,000	140,000	119,000	59,000	160,000	593,000
<i>Bond Financing (General Fund)</i>			60,000	80,000	119,000		100,000	359,000

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<i>CIP Fund - GF Fund Balance</i>			55,000					55,000
<i>Transfers to CIP-General Fund</i>				60,000		59,000	60,000	179,000
Fairground Grandstand Improvements	45-C0624	2			500,000	4,000,000	4,000,000	8,500,000
<i>Contribution by Others</i>					500,000	4,000,000	4,000,000	8,500,000
Multi-Use Paths	45-C0717	5			300,000	100,000		400,000
<i>Grants-State</i>					300,000	100,000		400,000
Mills Park Multi-Use Paths	45-C0737	5		30,000				30,000
<i>Grants-State</i>				25,000				25,000
<i>Transfers to CIP-General Fund</i>				5,000				5,000
Neighborhood Parks	45-C0751	5	80,000	100,000	80,000			260,000
<i>Transfers to CIP-CDBG Fund</i>			80,000	100,000	80,000			260,000
Winter Street School-Neighborhood Park	45-C0764	6				200,000		200,000
<i>Grants-State Program Open Space</i>						180,000		180,000
<i>Transfers to CIP-General Fund</i>						20,000		20,000
Kiwanis Park	45-C0773	2	125,000					125,000
<i>CIP Fund - GF Fund Balance</i>			27,500					27,500
<i>Grants-State</i>			75,000					75,000
<i>Grants-State Program Open Space</i>			22,500					22,500
Antietam Creek Greenway Trail	45-C0774	5				150,000	480,000	630,000
<i>Contribution by Others</i>						150,000		150,000
<i>Grants-State</i>							432,000	432,000
<i>Transfers to CIP-General Fund</i>							48,000	48,000
Memorial Park	45-C0784	8		80,000				80,000
<i>Transfers to CIP-CDBG Fund</i>				80,000				80,000
Pangborn Lake Reconstruction	45-C0812	3		500,000				500,000
<i>Bond Financing (General Fund)</i>				400,000				400,000
<i>Grants-State</i>				100,000				100,000
Potterfield Pool Improvements	45-C0822	8	150,000					150,000
<i>Excise Tax Fund</i>			87,000					87,000
<i>Grants-State Program Open Space</i>			63,000					63,000
City Park Irrigation System	45-C0826	4	8,000					8,000
<i>Transfers to CIP-General Fund</i>			8,000					8,000
Hagerstown Ice Rink	45-C0843	4	55,000	40,000	20,000	20,000	150,000	285,000
<i>CIP Fund - GF Fund Balance</i>			42,000					42,000
<i>Contribution by Others</i>			13,000	10,000	5,000	5,000	37,000	70,000
<i>Transfers to CIP-General Fund</i>				30,000	15,000	15,000	113,000	173,000
Marsh Run Walls Rehabilitation	45-C0853	4		300,000				300,000
<i>Bond Financing (General Fund)</i>				300,000				300,000
Community Garden	45-C0859	6	30,000					30,000
<i>Grants-State Program Open Space</i>			27,000					27,000
<i>Transfers to CIP-General Fund</i>			3,000					3,000
<b>Parks Total</b>			665,000	1,453,451	1,794,000	4,529,000	4,790,000	13,231,451
<b>Planning</b>								
George Washington Statue	45-C0837	5	45,000					45,000
<i>CIP Fund Balance</i>			25,000					25,000
<i>Contribution by Others</i>			20,000					20,000
<b>Planning Total</b>			45,000					45,000
<b>Police</b>								

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Police Radios	45-C0128	1		175,500	168,300	168,300	168,300	680,400
<i>Transfers to CIP-General Fund</i>				<i>175,500</i>	<i>168,300</i>	<i>168,300</i>	<i>168,300</i>	<i>680,400</i>
Police Vehicles	45-C0129	1	250,000	250,000	250,000	250,000	250,000	1,250,000
<i>CIP Fund - GF Fund Balance</i>			<i>250,000</i>					<i>250,000</i>
<i>Transfers to CIP-General Fund</i>				<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>1,000,000</i>
Police Crime Lab Equipment	45-C0182	5	80,000	110,000				190,000
<i>Grants-Federal</i>			<i>80,000</i>	<i>110,000</i>				<i>190,000</i>
Police Firing Range	45-C0226	5	25,000					25,000
<i>Grants-Federal</i>			<i>25,000</i>					<i>25,000</i>
Police Building Renovation	45-C0308	5	53,000	66,000	30,000	30,000	30,000	209,000
<i>Transfers to CIP-General Fund</i>			<i>53,000</i>	<i>66,000</i>	<i>30,000</i>	<i>30,000</i>	<i>30,000</i>	<i>209,000</i>
Mobile License Plate Readers	45-C0860	1		60,000				60,000
<i>Transfers to CIP-General Fund</i>				<i>60,000</i>				<i>60,000</i>
<b>Police Total</b>			<b>408,000</b>	<b>661,500</b>	<b>448,300</b>	<b>448,300</b>	<b>448,300</b>	<b>2,414,400</b>
<b>Public Works</b>								
Public Works Vehicles	45-C0065	5	301,000	260,000	210,000	354,000	275,000	1,400,000
<i>Bond Financing (General Fund)</i>			<i>250,000</i>	<i>225,000</i>	<i>99,000</i>	<i>200,000</i>	<i>200,000</i>	<i>974,000</i>
<i>CIP Fund - GF Fund Balance</i>			<i>51,000</i>					<i>51,000</i>
<i>Transfers to CIP-General Fund</i>				<i>35,000</i>	<i>111,000</i>	<i>154,000</i>	<i>75,000</i>	<i>375,000</i>
Market House Improvements	45-C0099	5	13,000		120,000			133,000
<i>Bond Financing (General Fund)</i>					<i>120,000</i>			<i>120,000</i>
<i>CIP Fund - GF Fund Balance</i>			<i>13,000</i>					<i>13,000</i>
LED Signal Lights	45-C0245	4		15,000	15,000	15,000	15,000	60,000
<i>Transfers to CIP-General Fund</i>				<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>60,000</i>
Public Works Operations Center Improvement Program	45-C0250	5	6,000	120,000	6,000	6,000	6,000	144,000
<i>Transfers to CIP-General Fund</i>			<i>6,000</i>	<i>120,000</i>	<i>6,000</i>	<i>6,000</i>	<i>6,000</i>	<i>144,000</i>
Downtown Beautification Program	45-C0280	5	25,000	25,000	25,000	25,000	25,000	125,000
<i>Transfers to CIP-General Fund</i>			<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>125,000</i>
City Hall Improvements	45-C0326	5		100,000	250,000	10,000	25,000	385,000
<i>Bond Financing (General Fund)</i>				<i>50,000</i>	<i>250,000</i>			<i>300,000</i>
<i>Transfers to CIP-General Fund</i>				<i>50,000</i>		<i>10,000</i>	<i>25,000</i>	<i>85,000</i>
Signal Controller Upgrades	45-C0433	5			15,000	15,000		30,000
<i>Transfers to CIP-General Fund</i>					<i>15,000</i>	<i>15,000</i>		<i>30,000</i>
Public Works Storage Yard Expansion	45-C0718	5	10,000	375,000	525,000			910,000
<i>Bond Financing (General Fund)</i>				<i>375,000</i>	<i>525,000</i>			<i>900,000</i>
<i>CIP Fund Balance</i>			<i>10,000</i>					<i>10,000</i>
Standby Generator Replacement	45-C0846	1	12,000					12,000
<i>Transfers to CIP-General Fund</i>			<i>12,000</i>					<i>12,000</i>
Gasboy Fuel Mgmt System Upgrade	45-C0855	1	8,500					8,500
<i>CIP Fund Balance</i>			<i>8,500</i>					<i>8,500</i>
Overhead Crane	45-C0858	8		50,000				50,000
<i>Transfers to CIP-General Fund</i>				<i>50,000</i>				<i>50,000</i>
<b>Public Works Total</b>			<b>375,500</b>	<b>945,000</b>	<b>1,166,000</b>	<b>425,000</b>	<b>346,000</b>	<b>3,257,500</b>
<b>GRAND TOTAL</b>			<b>9,117,028</b>	<b>10,099,451</b>	<b>9,716,800</b>	<b>14,393,300</b>	<b>13,204,300</b>	<b>56,530,879</b>

City of Hagerstown, Maryland

*ELECTRIC FUND*

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Electric Fund</b>								
Electric Vehicles	50-C0090	5	150,000	225,000	184,000	210,000	225,000	994,000
Telemetry Equipment	50-C0111	5	25,000	40,000	40,000	30,000	20,000	155,000
Central Substation	50-C0118	5			200,000	500,000	200,000	900,000
Wesel Boulevard Development	50-C0220	5		50,000	50,000	50,000	50,000	200,000
Hagerstown Business Park	50-C0258	5		50,000	50,000	50,000	50,000	200,000
System Reconductoring	50-C0259	5	20,000	20,000	20,000	20,000	20,000	100,000
Pedestrian Lighting	50-C0388	5	10,000	100,000	100,000	100,000	100,000	410,000
Building and Site Improvements	50-C0542	5	150,000	150,000	150,000	20,000	20,000	490,000
Bulldog Substation Upgrade	50-C0544	5				20,000	20,000	40,000
A & E District Upgrades	50-C0591	5	32,000	32,000	32,000	32,000	32,000	160,000
Test Equipment	50-C0609	5	7,000	17,000	17,000	17,000	17,000	75,000
Mitchell Substation Third Bay	50-C0778	5		60,000	100,000			160,000
Spare Regulators	50-C0797	8	15,000	15,000	15,000			45,000
Wildlife Protection	50-C0802	8	15,000	15,000	15,000	15,000	15,000	75,000
Noland Drive Boys & Girls Club	50-C0818	5	52,000					52,000
Hamilton Hotel	50-C0819	5	9,000					9,000
Feeder Coordination	50-C0833	5	25,000	25,000	25,000	25,000	25,000	125,000
Bester Elementary School	50-C0841	5	34,000					34,000
Circuit Upgrades	50-C0842	5	20,000	150,000	150,000	150,000	150,000	620,000
<b>Electric Fund Total</b>			<b>564,000</b>	<b>949,000</b>	<b>1,148,000</b>	<b>1,239,000</b>	<b>944,000</b>	<b>4,844,000</b>
<b>GRAND TOTAL</b>			<b>564,000</b>	<b>949,000</b>	<b>1,148,000</b>	<b>1,239,000</b>	<b>944,000</b>	<b>4,844,000</b>

City of Hagerstown, Maryland

*ELECTRIC FUND*

FY '15 thru FY '19

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Electric Fund</b>								
Electric Vehicles	50-C0090	5	150,000	225,000	184,000	210,000	225,000	994,000
<i>Electric Fund</i>			<i>150,000</i>	<i>225,000</i>	<i>184,000</i>	<i>210,000</i>	<i>225,000</i>	<i>994,000</i>
Telemetry Equipment	50-C0111	5	25,000	40,000	40,000	30,000	20,000	155,000
<i>Electric Fund</i>			<i>25,000</i>	<i>40,000</i>	<i>40,000</i>	<i>30,000</i>	<i>20,000</i>	<i>155,000</i>
Central Substation	50-C0118	5			200,000	500,000	200,000	900,000
<i>Electric Fund</i>					<i>200,000</i>	<i>500,000</i>	<i>200,000</i>	<i>900,000</i>
Wesel Boulevard Development	50-C0220	5		50,000	50,000	50,000	50,000	200,000
<i>Electric Fund</i>				<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>200,000</i>
Hagerstown Business Park	50-C0258	5		50,000	50,000	50,000	50,000	200,000
<i>Electric Fund</i>				<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>200,000</i>
System Reconductoring	50-C0259	5	20,000	20,000	20,000	20,000	20,000	100,000
<i>Electric Fund</i>			<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>100,000</i>
Pedestrian Lighting	50-C0388	5	10,000	100,000	100,000	100,000	100,000	410,000
<i>Electric Fund</i>			<i>10,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>410,000</i>
Building and Site Improvements	50-C0542	5	150,000	150,000	150,000	20,000	20,000	490,000
<i>Electric Fund</i>			<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>20,000</i>	<i>20,000</i>	<i>490,000</i>
Bulldog Substation Upgrade	50-C0544	5				20,000	20,000	40,000
<i>Electric Fund</i>						<i>20,000</i>	<i>20,000</i>	<i>40,000</i>
A & E District Upgrades	50-C0591	5	32,000	32,000	32,000	32,000	32,000	160,000
<i>Electric Fund</i>			<i>32,000</i>	<i>32,000</i>	<i>32,000</i>	<i>32,000</i>	<i>32,000</i>	<i>160,000</i>
Test Equipment	50-C0609	5	7,000	17,000	17,000	17,000	17,000	75,000
<i>Electric Fund</i>			<i>7,000</i>	<i>17,000</i>	<i>17,000</i>	<i>17,000</i>	<i>17,000</i>	<i>75,000</i>
Mitchell Substation Third Bay	50-C0778	5		60,000	100,000			160,000
<i>Electric Fund</i>				<i>60,000</i>	<i>100,000</i>			<i>160,000</i>
Spare Regulators	50-C0797	8	15,000	15,000	15,000			45,000
<i>Electric Fund</i>			<i>15,000</i>	<i>15,000</i>	<i>15,000</i>			<i>45,000</i>
Wildlife Protection	50-C0802	8	15,000	15,000	15,000	15,000	15,000	75,000
<i>Electric Fund</i>			<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>75,000</i>
Noland Drive Boys & Girls Club	50-C0818	5	52,000					52,000
<i>Electric Fund</i>			<i>52,000</i>					<i>52,000</i>
Hamilton Hotel	50-C0819	5	9,000					9,000
<i>Electric Fund</i>			<i>9,000</i>					<i>9,000</i>
Feeder Coordination	50-C0833	5	25,000	25,000	25,000	25,000	25,000	125,000
<i>Electric Fund</i>			<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>125,000</i>
Bester Elementary School	50-C0841	5	34,000					34,000
<i>Electric Fund</i>			<i>34,000</i>					<i>34,000</i>
Circuit Upgrades	50-C0842	5	20,000	150,000	150,000	150,000	150,000	620,000
<i>Electric Fund</i>			<i>20,000</i>	<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>620,000</i>

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Electric Fund Total</b>			564,000	949,000	1,148,000	1,239,000	944,000	<i>4,844,000</i>
<b>GRAND TOTAL</b>			564,000	949,000	1,148,000	1,239,000	944,000	<i>4,844,000</i>

City of Hagerstown, Maryland

*WATER FUND*

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total				
<b>ARDI Fund Balance</b>												
Zone 3 Standpipe	52-C0323	5					100,000	100,000				
<b>ARDI Fund Balance Total</b>							100,000	100,000				
<b>Bond Financing (Water Fund)</b>												
Willson Treatment Plant	52-C0166	5	170,000	172,500	183,000	194,025	205,601	925,126				
Distribution Services - Meter Program	52-C0653	4	915,000	250,000	250,000	250,000	250,000	1,915,000				
Distribution System Rehab - Main Replacement	52-C0709	5	400,000	412,000	424,360	437,090	450,204	2,123,654				
<b>Bond Financing (Water Fund) Total</b>							1,485,000	834,500	857,360	881,115	905,805	4,963,780
<b>Contribution by Others</b>												
Pump Station Improvements	52-C0651	5		150,000	762,500	637,500		1,550,000				
<b>Contribution by Others Total</b>							150,000	762,500	637,500	1,550,000		
<b>MDE Loan</b>												
Willson Transmission Mains	52-C0167	5	500,000	3,750,000	4,650,000	500,000	3,850,000	13,250,000				
Edgemont Reservoir Improvements	52-C0168	5		70,000	170,000	170,000		410,000				
Breichner WTP Improvements	52-C0405	5	300,000	1,750,000	1,100,000	52,500	55,125	3,257,625				
Willson Plant Improvements Phase IV	52-C0740	5	1,350,000					1,350,000				
Water System SCADA Improvements	52-C0820	5	500,000	275,000				775,000				
<b>MDE Loan Total</b>							2,650,000	5,845,000	5,920,000	722,500	3,905,125	19,042,625
<b>Water Fund</b>												
Water Vehicles	52-C0117	5	357,900	191,200	250,100	226,000	199,250	1,224,450				
Willson Treatment Plant	52-C0166	5	30,000	37,500	37,500	37,500	37,500	180,000				
Edgemont Reservoir Improvements	52-C0168	5	150,000	150,000	150,000	150,000	150,000	750,000				
Adm. & Engineering Equipment	52-C0648	5	10,000	10,000	10,000	10,000	10,000	50,000				
Pump Station Improvements	52-C0651	5	75,000	75,000	75,000	75,000	75,000	375,000				
Distribution Services - Meter Program	52-C0653	4	250,000	76,000	78,000	80,000	82,000	566,000				
Willson Plant Improvements Phase IV	52-C0740	5	150,000					150,000				
Water System SCADA Improvements	52-C0820	5	25,000	50,000	75,000	75,000	75,000	300,000				
<b>Water Fund Total</b>							1,047,900	589,700	675,600	653,500	628,750	3,595,450
<b>GRAND TOTAL</b>			5,182,900	7,419,200	8,215,460	2,894,615	5,539,680	29,251,855				

City of Hagerstown, Maryland

**WATER FUND**

FY '15 thru FY '19

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Water Fund</b>								
Water Vehicles	52-C0117	5	357,900	191,200	250,100	226,000	199,250	1,224,450
<i>Water Fund</i>			<i>357,900</i>	<i>191,200</i>	<i>250,100</i>	<i>226,000</i>	<i>199,250</i>	<i>1,224,450</i>
Willson Treatment Plant	52-C0166	5	200,000	210,000	220,500	231,525	243,101	1,105,126
<i>Bond Financing (Water Fund)</i>			<i>170,000</i>	<i>172,500</i>	<i>183,000</i>	<i>194,025</i>	<i>205,601</i>	<i>925,126</i>
<i>Water Fund</i>			<i>30,000</i>	<i>37,500</i>	<i>37,500</i>	<i>37,500</i>	<i>37,500</i>	<i>180,000</i>
Willson Transmission Mains	52-C0167	5	500,000	3,750,000	4,650,000	500,000	3,850,000	13,250,000
<i>MDE Loan</i>			<i>500,000</i>	<i>3,750,000</i>	<i>4,650,000</i>	<i>500,000</i>	<i>3,850,000</i>	<i>13,250,000</i>
Edgemont Reservoir Improvements	52-C0168	5	150,000	220,000	320,000	320,000	150,000	1,160,000
<i>MDE Loan</i>				<i>70,000</i>	<i>170,000</i>	<i>170,000</i>		<i>410,000</i>
<i>Water Fund</i>			<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>150,000</i>	<i>750,000</i>
Zone 3 Standpipe	52-C0323	5					100,000	100,000
<i>ARDI Fund Balance</i>							<i>100,000</i>	<i>100,000</i>
Breichner WTP Improvements	52-C0405	5	300,000	1,750,000	1,100,000	52,500	55,125	3,257,625
<i>MDE Loan</i>			<i>300,000</i>	<i>1,750,000</i>	<i>1,100,000</i>	<i>52,500</i>	<i>55,125</i>	<i>3,257,625</i>
Adm. & Engineering Equipment	52-C0648	5	10,000	10,000	10,000	10,000	10,000	50,000
<i>Water Fund</i>			<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>50,000</i>
Pump Station Improvements	52-C0651	5	75,000	225,000	837,500	712,500	75,000	1,925,000
<i>Contribution by Others</i>				<i>150,000</i>	<i>762,500</i>	<i>637,500</i>		<i>1,550,000</i>
<i>Water Fund</i>			<i>75,000</i>	<i>75,000</i>	<i>75,000</i>	<i>75,000</i>	<i>75,000</i>	<i>375,000</i>
Distribution Services - Meter Program	52-C0653	4	1,165,000	326,000	328,000	330,000	332,000	2,481,000
<i>Bond Financing (Water Fund)</i>			<i>915,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>250,000</i>	<i>1,915,000</i>
<i>Water Fund</i>			<i>250,000</i>	<i>76,000</i>	<i>78,000</i>	<i>80,000</i>	<i>82,000</i>	<i>566,000</i>
Distribution System Rehab - Main Replacement	52-C0709	5	400,000	412,000	424,360	437,090	450,204	2,123,654
<i>Bond Financing (Water Fund)</i>			<i>400,000</i>	<i>412,000</i>	<i>424,360</i>	<i>437,090</i>	<i>450,204</i>	<i>2,123,654</i>
Willson Plant Improvements Phase IV	52-C0740	5	1,500,000					1,500,000
<i>MDE Loan</i>			<i>1,350,000</i>					<i>1,350,000</i>
<i>Water Fund</i>			<i>150,000</i>					<i>150,000</i>
Water System SCADA Improvements	52-C0820	5	525,000	325,000	75,000	75,000	75,000	1,075,000
<i>MDE Loan</i>			<i>500,000</i>	<i>275,000</i>				<i>775,000</i>
<i>Water Fund</i>			<i>25,000</i>	<i>50,000</i>	<i>75,000</i>	<i>75,000</i>	<i>75,000</i>	<i>300,000</i>
<b>Water Fund Total</b>			<b>5,182,900</b>	<b>7,419,200</b>	<b>8,215,460</b>	<b>2,894,615</b>	<b>5,539,680</b>	<b>29,251,855</b>
<b>GRAND TOTAL</b>			<b>5,182,900</b>	<b>7,419,200</b>	<b>8,215,460</b>	<b>2,894,615</b>	<b>5,539,680</b>	<b>29,251,855</b>

City of Hagerstown, Maryland

**WASTEWATER FUND**

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Bond Financing (Wastewater Fund)</b>								
Collection System Rehabilitation	54-C0327	1	200,000	700,000	200,000	200,000	200,000	1,500,000
Plant Equipment	54-C0584	1	150,000	125,000	100,000	100,000	100,000	575,000
Solids Processing-Pelletizer and WWTP Improvements	54-C0711	2	1,050,000	1,050,000	1,000,000	1,000,000	1,000,000	5,100,000
Collection System Equipment	54-C0713	5	98,000	80,000	80,000	80,000	80,000	418,000
Grinder Pump Replacement Program	54-C0767	5	112,000	112,000	112,000	112,000	112,000	560,000
Eliminate Pump Stations	54-C0832	5	127,000	88,000	300,000			515,000
<b>Bond Financing (Wastewater Fund) Total</b>			<b>1,737,000</b>	<b>2,155,000</b>	<b>1,792,000</b>	<b>1,492,000</b>	<b>1,492,000</b>	<b>8,668,000</b>
<b>Contribution by Others</b>								
Collection System Rehabilitation	54-C0327	1		700,000				700,000
East End Pump Station	54-C0565	5		375,000	300,000			675,000
<b>Contribution by Others Total</b>				<b>1,075,000</b>	<b>300,000</b>			<b>1,375,000</b>
<b>Grant-State MDE</b>								
Citywide - CS Rehabilitation	54-C0800	1	300,000					300,000
<b>Grant-State MDE Total</b>			<b>300,000</b>					<b>300,000</b>
<b>Wastewater Fund</b>								
Wastewater Vehicle Replacement	54-C0004	5	307,000	105,000	200,000	115,000	95,000	822,000
Manhole Raising	54-C0267	1	36,000	36,000	36,000	36,000	36,000	180,000
Pump Station Improvements	54-C0299	1	218,000	55,000	55,000	55,000	55,000	438,000
Collection System Rehabilitation	54-C0327	1	200,000	200,000	200,000	200,000	200,000	1,000,000
Buildings and Structures	54-C0585	5	100,000	50,000	25,000	25,000	25,000	225,000
Oxygen System Improvements	54-C0657	1	10,000	10,000				20,000
Laboratory Equipment	54-C0745	5	10,000	20,000	20,000	20,000	20,000	90,000
Grinder Pump Replacement Program	54-C0767	5	50,000	50,000	50,000	50,000	50,000	250,000
Trunk Lines and Laterals	54-C0834	2	15,000	15,000	15,000	15,000	15,000	75,000
<b>Wastewater Fund Total</b>			<b>946,000</b>	<b>541,000</b>	<b>601,000</b>	<b>516,000</b>	<b>496,000</b>	<b>3,100,000</b>
<b>GRAND TOTAL</b>			<b>2,983,000</b>	<b>3,771,000</b>	<b>2,693,000</b>	<b>2,008,000</b>	<b>1,988,000</b>	<b>13,443,000</b>

City of Hagerstown, Maryland

WASTEWATER FUND

FY '15 thru FY '19

PROJECTS & FUNDING SOURCES BY DEPARTMENT

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Wastewater Fund</b>								
Wastewater Vehicle Replacement	54-C0004	5	307,000	105,000	200,000	115,000	95,000	822,000
<i>Wastewater Fund</i>			<i>307,000</i>	<i>105,000</i>	<i>200,000</i>	<i>115,000</i>	<i>95,000</i>	<i>822,000</i>
Manhole Raising	54-C0267	1	36,000	36,000	36,000	36,000	36,000	180,000
<i>Wastewater Fund</i>			<i>36,000</i>	<i>36,000</i>	<i>36,000</i>	<i>36,000</i>	<i>36,000</i>	<i>180,000</i>
Pump Station Improvements	54-C0299	1	218,000	55,000	55,000	55,000	55,000	438,000
<i>Wastewater Fund</i>			<i>218,000</i>	<i>55,000</i>	<i>55,000</i>	<i>55,000</i>	<i>55,000</i>	<i>438,000</i>
Collection System Rehabilitation	54-C0327	1	400,000	1,600,000	400,000	400,000	400,000	3,200,000
<i>Bond Financing (Wastewater Fund)</i>			<i>200,000</i>	<i>700,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>1,500,000</i>
<i>Contribution by Others</i>				<i>700,000</i>				<i>700,000</i>
<i>Wastewater Fund</i>			<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>1,000,000</i>
East End Pump Station	54-C0565	5		375,000	300,000			675,000
<i>Contribution by Others</i>				<i>375,000</i>	<i>300,000</i>			<i>675,000</i>
Plant Equipment	54-C0584	1	150,000	125,000	100,000	100,000	100,000	575,000
<i>Bond Financing (Wastewater Fund)</i>			<i>150,000</i>	<i>125,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>575,000</i>
Buildings and Structures	54-C0585	5	100,000	50,000	25,000	25,000	25,000	225,000
<i>Wastewater Fund</i>			<i>100,000</i>	<i>50,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>225,000</i>
Oxygen System Improvements	54-C0657	1	10,000	10,000				20,000
<i>Wastewater Fund</i>			<i>10,000</i>	<i>10,000</i>				<i>20,000</i>
Solids Processing-Pelletizer and WWTP Improvements	54-C0711	2	1,050,000	1,050,000	1,000,000	1,000,000	1,000,000	5,100,000
<i>Bond Financing (Wastewater Fund)</i>			<i>1,050,000</i>	<i>1,050,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>5,100,000</i>
Collection System Equipment	54-C0713	5	98,000	80,000	80,000	80,000	80,000	418,000
<i>Bond Financing (Wastewater Fund)</i>			<i>98,000</i>	<i>80,000</i>	<i>80,000</i>	<i>80,000</i>	<i>80,000</i>	<i>418,000</i>
Laboratory Equipment	54-C0745	5	10,000	20,000	20,000	20,000	20,000	90,000
<i>Wastewater Fund</i>			<i>10,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>90,000</i>
Grinder Pump Replacement Program	54-C0767	5	162,000	162,000	162,000	162,000	162,000	810,000
<i>Bond Financing (Wastewater Fund)</i>			<i>112,000</i>	<i>112,000</i>	<i>112,000</i>	<i>112,000</i>	<i>112,000</i>	<i>560,000</i>
<i>Wastewater Fund</i>			<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>50,000</i>	<i>250,000</i>
Citywide - CS Rehabilitation	54-C0800	1	300,000					300,000
<i>Grant-State MDE</i>			<i>300,000</i>					<i>300,000</i>
Eliminate Pump Stations	54-C0832	5	127,000	88,000	300,000			515,000
<i>Bond Financing (Wastewater Fund)</i>			<i>127,000</i>	<i>88,000</i>	<i>300,000</i>			<i>515,000</i>
Trunk Lines and Laterals	54-C0834	2	15,000	15,000	15,000	15,000	15,000	75,000
<i>Wastewater Fund</i>			<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>15,000</i>	<i>75,000</i>
<b>Wastewater Fund Total</b>			<b>2,983,000</b>	<b>3,771,000</b>	<b>2,693,000</b>	<b>2,008,000</b>	<b>1,988,000</b>	<b>13,443,000</b>
<b>GRAND TOTAL</b>			<b>2,983,000</b>	<b>3,771,000</b>	<b>2,693,000</b>	<b>2,008,000</b>	<b>1,988,000</b>	<b>13,443,000</b>

City of Hagerstown, Maryland

*PARKING FUND*

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

<b>Source</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Bond Financing (Parking Fund)</b>								
Parking Facilities - 3rd Parking Deck	56-C0173	5		1,575,000	8,425,000			10,000,000
<b>Bond Financing (Parking Fund) Total</b>				1,575,000	8,425,000			10,000,000
<b>Parking Fund</b>								
University District Parking Deck	56-C0749	5	30,000	30,000	30,000	30,000	30,000	150,000
Parking Fund Vehicles	56-C0829	5	20,000	20,000	25,000			65,000
Parking Lot Improvements	56-C0857	5	30,000	60,000	30,000	30,000	15,000	165,000
<b>Parking Fund Total</b>			80,000	110,000	85,000	60,000	45,000	380,000
<b>GRAND TOTAL</b>			80,000	1,685,000	8,510,000	60,000	45,000	10,380,000

City of Hagerstown, Maryland

*PARKING FUND*

FY '15 thru FY '19

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Parking Fund</b>								
Parking Facilities - 3rd Parking Deck	56-C0173	5		1,575,000	8,425,000			10,000,000
<i>Bond Financing (Parking Fund)</i>				<i>1,575,000</i>	<i>8,425,000</i>			<i>10,000,000</i>
University District Parking Deck	56-C0749	5	30,000	30,000	30,000	30,000	30,000	150,000
<i>Parking Fund</i>			<i>30,000</i>	<i>30,000</i>	<i>30,000</i>	<i>30,000</i>	<i>30,000</i>	<i>150,000</i>
Parking Fund Vehicles	56-C0829	5	20,000	20,000	25,000			65,000
<i>Parking Fund</i>			<i>20,000</i>	<i>20,000</i>	<i>25,000</i>			<i>65,000</i>
Parking Lot Improvements	56-C0857	5	30,000	60,000	30,000	30,000	15,000	165,000
<i>Parking Fund</i>			<i>30,000</i>	<i>60,000</i>	<i>30,000</i>	<i>30,000</i>	<i>15,000</i>	<i>165,000</i>
<b>Parking Fund Total</b>			<b>80,000</b>	<b>1,685,000</b>	<b>8,510,000</b>	<b>60,000</b>	<b>45,000</b>	<b>10,380,000</b>
<b>GRAND TOTAL</b>			<b>80,000</b>	<b>1,685,000</b>	<b>8,510,000</b>	<b>60,000</b>	<b>45,000</b>	<b>10,380,000</b>

City of Hagerstown, Maryland

*GOLF FUND*

FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

<b>Source</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Contribution by Others</b>								
Golf Course Net	57-C0670	1	20,000					20,000
<b>Contribution by Others Total</b>			20,000					20,000
<b>Golf Fund</b>								
Golf Course - Vehicles/Equipment	57-C0395	4		30,000	30,000	20,000	20,000	100,000
Golf Course Bridge Replacement	57-C0669	1	30,000					30,000
Golf Course Net	57-C0670	1	12,000					12,000
<b>Golf Fund Total</b>			42,000	30,000	30,000	20,000	20,000	142,000
<b>GRAND TOTAL</b>			62,000	30,000	30,000	20,000	20,000	162,000

City of Hagerstown, Maryland

*GOLF FUND*

FY '15 thru FY '19

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

<b>Department</b>	<b>Project#</b>	<b>Priority</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
<b>Golf Fund</b>								
Golf Course - Vehicles/Equipment	57-C0395	4		30,000	30,000	20,000	20,000	100,000
<i>Golf Fund</i>				<i>30,000</i>	<i>30,000</i>	<i>20,000</i>	<i>20,000</i>	<i>100,000</i>
Golf Course Bridge Replacement	57-C0669	1	30,000					30,000
<i>Golf Fund</i>			<i>30,000</i>					<i>30,000</i>
Golf Course Net	57-C0670	1	32,000					32,000
<i>Contribution by Others</i>			<i>20,000</i>					<i>20,000</i>
<i>Golf Fund</i>			<i>12,000</i>					<i>12,000</i>
<b>Golf Fund Total</b>			<b>62,000</b>	<b>30,000</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>	<b>162,000</b>
<b>GRAND TOTAL</b>			<b>62,000</b>	<b>30,000</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>	<b>162,000</b>

City of Hagerstown, Maryland  
**PROPERTY MANAGEMENT FUND**  
 FY '15 thru FY '19

**PROJECTS BY FUNDING SOURCE**

Source	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Property Management Fund</b>								
Alms House Repairs	58-C0755	5			5,000			5,000
Elizabeth Hager Center	58-C0803	5	50,000	20,000	20,000	20,000	20,000	130,000
Hagerstown Small Business Center	58-C0828	5			5,000	10,000		15,000
36-40 North Potomac Street	58-C0836	5	35,000					35,000
<b>Property Management Fund Total</b>			85,000	20,000	30,000	30,000	20,000	185,000
<b>Transfers to Prop Mgmt-CDBG Fund</b>								
Hagerstown Small Business Center	58-C0828	5				80,000		80,000
<b>Transfers to Prop Mgmt-CDBG Fund Total</b>						80,000		80,000
<b>GRAND TOTAL</b>			85,000	20,000	30,000	110,000	20,000	265,000

City of Hagerstown, Maryland  
**PROPERTY MANAGEMENT FUND**

FY '15 thru FY '19

**PROJECTS & FUNDING SOURCES BY DEPARTMENT**

Department	Project#	Priority	FY '15	FY '16	FY '17	FY '18	FY '19	Total
<b>Property Management Fund</b>								
Alms House Repairs	58-C0755	5			5,000			5,000
<i>Property Management Fund</i>					<i>5,000</i>			<i>5,000</i>
Elizabeth Hager Center	58-C0803	5	50,000	20,000	20,000	20,000	20,000	130,000
<i>Property Management Fund</i>			<i>50,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>	<i>130,000</i>
Hagerstown Small Business Center	58-C0828	5			5,000	90,000		95,000
<i>Property Management Fund</i>					<i>5,000</i>	<i>10,000</i>		<i>15,000</i>
<i>Transfers to Prop Mgmt-CDBG Fund</i>						<i>80,000</i>		<i>80,000</i>
36-40 North Potomac Street	58-C0836	5	35,000					35,000
<i>Property Management Fund</i>			<i>35,000</i>					<i>35,000</i>
<b>Property Management Fund Total</b>			<b>85,000</b>	<b>20,000</b>	<b>30,000</b>	<b>110,000</b>	<b>20,000</b>	<b>265,000</b>
<b>GRAND TOTAL</b>			<b>85,000</b>	<b>20,000</b>	<b>30,000</b>	<b>110,000</b>	<b>20,000</b>	<b>265,000</b>















# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0093  
**Project Name** Pavement Markings

**Type** Improvement                      **Department** Engineering  
**Useful Life** 5 years                      **Contact** Tissue  
**Category** Infrastructure-Streets                      **Priority** Public Safety  
**Location:** City-Wide  
**Year Submitted:** Ongoing  
**Status** Active



**Description**  
 Upgrading pavement markings around the City with emphasis on crosswalks, school zones, and public safety. One crosswalk costs about \$500. Typical intersection can cost \$3,000 to \$5,000 for all pavement markings. Propose a three year plan to upgrade deteriorated "stop bars" and "crosswalks" city wide.

**Justification**  
 Improve safety. Public expects streets to be properly marked. Marked crosswalks are desirable.

**Budget Impact/Other**  
 Recommend contracting these services as they take special equipment to install. Staff estimates the cost for staff to install markings would be two to three times the contracted rate. This is a never-ending project to maintain pavement markings worn away by traffic.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	75,000	75,000	75,000	15,000	15,000	255,000
<b>Total</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>15,000</b>	<b>15,000</b>	<b>255,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
State Highway User Revenue	75,000					75,000
Transfers to CIP-General Fund		75,000	75,000	15,000	15,000	180,000
<b>Total</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>15,000</b>	<b>15,000</b>	<b>255,000</b>



# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

<b>Project #</b>	<b>45-C0128</b>
<b>Project Name</b>	<b>Police Radios</b>



<b>Type</b>	Improvement	<b>Department</b>	Police
<b>Useful Life</b>	5 - 7 years	<b>Contact</b>	Holtzman
<b>Category</b>	Machinery and Equipment	<b>Priority</b>	Public Safety
<b>Location:</b>	Police Department		
<b>Year Submitted:</b>	Ongoing		
		<b>Status</b>	Active

**Description**

Police radio replacement schedule. The budget represents replacement of radio equipment which would begin in 2016 at a rate of 25% per year of total radios, approximately 30 units. This is based on a 5-7 year useful life cycle and on the current cost of police radios. Budget represents replacement of radio equipment which would begin in 2016 at the following rate:

FY16: 49 radios  
 FY17: 47 radios  
 FY18: 47 radios  
 FY19: 47 radios

**Justification**

\*Modern radio technology ensures police staff members can continue to communicate effectively with each other and other law enforcement agencies.

\*Radio communications are vital to the safety of the public and police.

\*The new Washington County radio system became operational in calendar year 2010. At that time, HPD replaced all outdated radio equipment with the new mobile and hand held radio equipment required to access this system.

\*Electronic radio equipment has a limited useful life, generally 5-7 years.

**Budget Impact/Other**

Replacement of current radios should begin in FY16 based on recommended operating life. The radios require occasional repair or replacement due to damage and replacement of batteries. The operating budget also includes \$8,000 per year in maintenance costs for repairs to radio equipment.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings		175,500	168,300	168,300	168,300	680,400
<b>Total</b>		<b>175,500</b>	<b>168,300</b>	<b>168,300</b>	<b>168,300</b>	<b>680,400</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Transfers to CIP-General Fund		175,500	168,300	168,300	168,300	680,400
<b>Total</b>		<b>175,500</b>	<b>168,300</b>	<b>168,300</b>	<b>168,300</b>	<b>680,400</b>

# CAPITAL IMPROVEMENT PROGRAM

FY '15 thru FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0129  
**Project Name** Police Vehicles

**Type** Replacement  
**Useful Life** 5 years  
**Category** Automobiles and Trucks  
**Location:** Police Department  
**Year Submitted:** Ongoing

**Department** Police  
**Contact** Holtzman  
**Priority** Public Safety

**Status** Active



**Description**

Police vehicles (marked, unmarked, staff, specialty)- Each fiscal year represents 6 new patrol vehicles, plus all auxiliary equipment (radios, computers, e-tickets, prisoner transport cages, weapon mounts, emergency lighting, etc.) @ \$40,000 each (or \$240,000 annually) and 1 low mileage pre-owned staff car to be purchased from other agencies (\$10,000)

FY15: Adding 6 new patrol vehicles, plus all auxiliary equipment (radios, computers, e-tickets, prisoner transport cages, weapon mounts emergency lighting, etc.) @ \$40,000 each (\$240,000) to provide take-home cars for the increased number of police officers now living within city limits; 1 replacement low-mileage pre-owned staff car to be purchased from other agencies (Unit 964-\$10,000).

FY16: Adding 4 new patrol vehicles as described above in FY15 (\$160,000); replacing Unit 957 (98 Crown Victoria - \$40,000); Unit 959 (98 Crown Victoria - \$40,000); Unit 954 (97 Chevy Lumina - \$10,000).

FY17: Unit 960 (98 Crown Victoria - \$40,000); Unit 998 (98 Crown Victoria - \$40,000); Unit 967 (00 Crown Victoria - \$40,000); Unit 982 (98 Crown Victoria - \$40,000); Unit 914 (03 Crown Victoria - \$40,000); Unit 963 (03 Crown Victoria - \$40,000); Unit 928 (99 Ford Expedition - \$10,000).

FY18: Unit 972 (04 Crown Victoria - \$40,000); Unit 988 (03 Crown Victoria - \$40,000); Unit 999 (01 Crown Victoria - \$40,000); Unit 962 (00 Crown Victoria - \$40,000); Unit 944 (04 Crown Victoria - \$40,000); Unit 953 (05 Ford Expedition - \$40,000); Unit 943 (97 Ford Explorer - \$10,000).

FY19: Unit 935 (06 Crown Victoria - \$40,000); Unit 936 (06 Crown Victoria - \$40,000); Unit 939 (06 Crown Victoria - \$40,000); Unit 940 (Crown Victoria - \$40,000); Unit 9401 (06 Crown Victoria - \$40,000); Unit 941 (06 Crown Victoria - \$40,000); 949 (98 Ford Taurus - \$10,000).

**Justification**

Many patrol vehicles are operated around the clock with in-town driving and considerable idling. Staff had assessed and identified the need for a baseline minimum of 30 patrol cars. Vehicle equipment will be reused when practical.

Staff cars are needed for other agency components such as the Criminal Investigation Division, Crime Lab, Professional Standards, and Training. The budget is intended to enable the acquisition of reliable, low-mileage pre-owned cars being retired by other agencies as available.

**Budget Impact/Other**

Post warranty maintenance is assumed in the department operating budget.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	250,000	250,000	250,000	250,000	250,000	1,250,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>1,250,000</b>
<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund - GF Fund Balance	250,000					250,000
Transfers to CIP-General Fund		250,000	250,000	250,000	250,000	1,000,000
<b>Total</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>1,250,000</b>





# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0217  
**Project Name** Accessibility Ramps

**Type** Improvement **Department** Engineering  
**Useful Life** 20 years **Contact** Tissue  
**Category** Infrastructure-Sidewalks **Priority** Probable Grant  
**Location:** To be determined  
**Year Submitted:** Ongoing  
**Status** Active



**Description**

This project provides ADA-compliant ramps and sidewalks citywide. Staff addresses complaints and installs ramps/sidewalks along 'pavement preservation' streets which is a requirement when paving is done. Improvements are budgeted at \$800 per ramp.

FY15: \$110,000 Install accessibility ramps Citywide along overlay streets (Church Street, View Street, Linden Avenue, East Baltimore, South Mulberry, and Hamilton Boulevard).

FY16: \$75,000 Install accessibility ramps Citywide and missing sidewalk on E. Wilson @ Frederick Street corner

FY17-FY19: Install and/or replace approximately 50 accessibility ramps per year.

**Justification**

These upgrades will remove barriers and make Hagerstown a more accessible City for our residents, workers and visitors regardless of physical limitations. Improved accessibility adds to business and neighborhood vitality.

**Budget Impact/Other**

None.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	86,000	75,000	40,000	40,000	40,000	281,000
<b>Total</b>	<b>86,000</b>	<b>75,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>281,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
State Highway User Revenue	26,000					26,000
Transfers to CIP-CDBG Fund	60,000	75,000	40,000	40,000	40,000	255,000
<b>Total</b>	<b>86,000</b>	<b>75,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>281,000</b>













**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project # 45-C0249**  
**Project Name Community & Economic Development Vehicles**

**Type** Replacement **Department** Community Development  
**Useful Life** 10 years **Contact** Lestitian  
**Category** Automobiles and Trucks **Priority** Cost Avoidance  
**Location:** Downtown  
**Year Submitted:** 2013



**Status** Active

**Description**  
 See Vehicle and Equipment replacement schedule. Vehicle and equipment replacements have been deferred during the prior 2 budget cycles.  
 FY15 Code Admin: Chevy truck #755 (\$20,000); Chevy truck #716 (\$25,000)  
 FY16 Code Admin: Chevy truck #708 (\$20,000)  
 FY16 Econ Develop: Jeep Liberty #850 (\$25,000)  
 FY17 Code Admin: Jeep Liberty #712 (\$20,000)  
 FY17 Planning: Chevy truck #401 (\$20,000)  
 FY18 Econ Develop: Chevy Cavalier #717 (\$20,000)  
 FY19 Code Admin Ford Focus #713 ( 25,000)

**Justification**  
 Replace deteriorating equipment

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	45,000	45,000	40,000	20,000	25,000	175,000
<b>Total</b>	<b>45,000</b>	<b>45,000</b>	<b>40,000</b>	<b>20,000</b>	<b>25,000</b>	<b>175,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund - GF Fund Balance	45,000					45,000
Transfers to CIP-General Fund		45,000	40,000	20,000	25,000	130,000
<b>Total</b>	<b>45,000</b>	<b>45,000</b>	<b>40,000</b>	<b>20,000</b>	<b>25,000</b>	<b>175,000</b>





# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0308  
**Project Name** Police Building Renovation

**Type** Improvement **Department** Police  
**Useful Life** 10 - 20 years **Contact** Holtzman  
**Category** Buildings and Structures **Priority** Planned Improvement  
**Location:** Police Department  
**Year Submitted:** Ongoing  
**Status** Active



**Description**

FY15 includes: replacement of 2 small overhead air handlers or 1 larger unit (\$10,000); renovating the 2nd and 3rd floor hallways and the central stairway with wall treatments and flooring (\$28,000); renovation and relocation of patrol/operations offices (\$15,000).

FY16 includes replacement of 2 small overhead air handlers or 1 larger unit (\$10,000); repaving & restriping the Police Department parking lot and the portion of McPherson St. that runs through the lot (\$50,000); security storage cages in the weapons armory room (\$6,000).

FY17 through FY19 includes replacement of 2 small overhead air handlers or 1 larger unit (\$10,000); other capital improvement needs that will occur based on the age of the police department building.

**Justification**

\*The 14 heat pumps in the police building are an integral part of the HVAC system in the police building and many are beyond their expected useful life. Replacement will occur only as needed.

\*The hallway & flooring renovations are continuous of previous projects intended to replace original and aging interior components of the police building.

\*Relocating patrol and operations offices will make more efficient use of space. The roll call room will be moved to a larger area on the first floor. That same area will also become the CompStat room and public meeting area. It will be in a location to better restrict access to operational area of the department.

**Budget Impact/Other**

No new or additional impact on the operational budget is expected from these renovations.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	53,000	66,000	30,000	30,000	30,000	209,000
<b>Total</b>	<b>53,000</b>	<b>66,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>209,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Transfers to CIP-General Fund	53,000	66,000	30,000	30,000	30,000	209,000
<b>Total</b>	<b>53,000</b>	<b>66,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>209,000</b>









# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0373  
**Project Name** Park Circle Improvements

**Type** Improvement **Department** Engineering  
**Useful Life** 25 years **Contact** Tissue  
**Category** Infrastructure-Streets **Priority** Public Safety  
**Location:** Park Circle  
**Year Submitted:** Ongoing  
**Status** Active



### Description

Convert the ONLY Circle in City to roundabout operation. This project involves striping, signage improvements, and additional landscaped traffic islands per KCI design.

Project cost at Park Circle (and additional City- wide street tree planting) is \$200,000, of which we applied for a \$100,000 C.B.T. "Green Street" Grant. The repaving portion of this project is estimated at \$90,000 and will be funded with State Highway User Revenues.

### Justification

Benefits large segment of population, improve safety and motorist awareness, enhances aesthetics of area.

The Comp Plan recommends continuation of Livable City initiatives that bring design continuity to City neighborhoods by focusing on improved park amenities; public sidewalk repairs and enhancements; street tree planting; and traffic island installation.

### Budget Impact/Other

Future landscaping of additional islands will add about \$4,000 per year.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	200,000					200,000
<b>Total</b>	<b>200,000</b>					<b>200,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Grants-State	100,000					100,000
State Highway User Revenue	90,000					90,000
Transfers to CIP-General Fund	10,000					10,000
<b>Total</b>	<b>200,000</b>					<b>200,000</b>







# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0439  
**Project Name** Steam Engine Museum

**Type** Improvement **Department** Parks  
**Useful Life** 10 - 20 years **Contact** Mason  
**Category** Buildings and Structures **Priority** Planned Improvement  
**Location:** City Park  
**Year Submitted:** 1990  
**Status** Active



**Description**

Funds were contributed by John Long for the Museum. A comprehensive plan for improvements is currently being developed to determine immediate and long-term needs for the museum. Once this plan is completed, the contribution from John Long will be used to implement any changes.

FY15: Thomas the Tank Engine kids ride (funded from the contribution)  
 FY16: Painting of various items (funded from the contribution)  
 FY17: Pavilion (to be funded with State POS grant monies and 10% city match)

**Justification**

By undertaking additional future improvements, we would prevent foremost the deterioration of the nearly 100-year-old locomotive 202 and the cabooses in the collection. Their continued good condition and their accurate restoration will result in the opportunity to provide a wide array of interpretive programs to the visiting public. The end result will be continued must-see destination for the train enthusiast and the public at-large.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	10,000	13,451	25,000			48,451
<b>Total</b>	<b>10,000</b>	<b>13,451</b>	<b>25,000</b>			<b>48,451</b>
<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund Balance	10,000	13,451				23,451
Grants-State Program Open S			22,500			22,500
Transfers to CIP-General Fund			2,500			2,500
<b>Total</b>	<b>10,000</b>	<b>13,451</b>	<b>25,000</b>			<b>48,451</b>













# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0568  
**Project Name** Cable PEG/I-Net

**Type** Improvement **Department** Information Technology  
**Useful Life** 10 years **Contact** Nicewarner  
**Category** Machinery and Equipment **Priority** Contract Obligation  
**Location:** City-Wide  
**Year Submitted:** 2001  
**Status** Active



**Description**  
 Public television and institutional network capital facilities and equipment. Improvement to I-Net connectivity and PEG Channel capabilities. Near term projects include continued build out of Channel 6 studios, City web page redevelopment, and I-Net infrastructure upgrades.  
 The current 12 year franchise agreement expired on 11/1/2013 and was extended while we are in the process of renegotiating the contract. We anticipate that the PEG fee revenues will continue through FY19.

**Justification**  
 The needs continue for the sharing of data between the major governmental agencies within the County due to consolidation opportunities, especially within our Public Safety and EDC areas. The use of these funds is contractually required for this type of project through the cable franchise agreement in place with Antietam Cable.

**Budget Impact/Other**  
 The franchise agreement will be in renewal negotiations throughout 2014.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	158,939	56,000	56,000	56,000	56,000	382,939
<b>Total</b>	<b>158,939</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>382,939</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund Balance	102,939					102,939
PEG Fee	56,000	56,000	56,000	56,000	56,000	280,000
<b>Total</b>	<b>158,939</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>382,939</b>



**CAPITAL IMPROVEMENT PROGRAM**

FY '15 thru FY '19

**City of Hagerstown, Maryland**

<b>Project #</b>	<b>45-C0579</b>
<b>Project Name</b>	<b>Gateway Signs</b>



<b>Type</b>	Improvement	<b>Department</b>	Engineering
<b>Useful Life</b>	30 years	<b>Contact</b>	Tissue
<b>Category</b>	Land Improvements	<b>Priority</b>	Planned Improvement
<b>Location:</b>	Various locations		
<b>Year Submitted:</b>	Ongoing		
		<b>Status</b>	Active

**Description**

Gateway signage on Route 40 to welcome visitors to the downtown and corporate limits, consistent with the Comprehensive Plan. Incorporated as part of the National Highway (scenic byway) system. Recommended by design firm working on former hospital land redevelopment. Funding for the gateway signs into and across our city from general fund balance reserves.

FY15: Includes 2 downtown signs (\$10,000); and Washington Avenue (Route 40) Gateway sign at Hellane Parke (\$25,000)

**Justification**

Improve "first impression" of downtown and advises motorists they are entering the historical area.

The Comp Plan recommends the continuation of a full range of physical improvements on an incremental basis to the downtown area. These should be aimed at improving the downtown's image and attractiveness through traffic calming measures; gateway and pedestrian enhancements; landscaping and streetscaping; and improvement of public parking facilities.

**Budget Impact/Other**

Maintenance of landscaping and beds will require 3 - 6 visits each year by DPW staff. This project adds landscaped areas that will cost roughly \$8,000 annually to maintain. Additional annual lighting costs of \$250.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	35,000					35,000
<b>Total</b>	<b>35,000</b>					<b>35,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund - GF Fund Balance	35,000					35,000
<b>Total</b>	<b>35,000</b>					<b>35,000</b>





# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0624  
**Project Name** Fairground Grandstand Improvements

**Type** Improvement **Department** Parks  
**Useful Life** 25 - 50 years **Contact** Tissue  
**Category** Buildings and Structures **Priority** Contract Obligation  
**Location:** Fairground Park  
**Year Submitted:** 2004  
**Status** Active



**Description**  
 City Council endorsed concept plan in 2007 that converts the grandstand into a "community center". The Greater Hagerstown Committee has a subcommittee studying the possibility of converting the structure to a convention and event center based on the 2007 concept. The building could provide two full size athletic courts, walking/jogging trail, and could support a 1290-seat auditorium or be converted to a 155 booth craft/expo area or a 980-seat banquet area.  
 This project is listed as a priority on the City's 2010 Strategic Plan.

**Justification**  
 Rehabs deteriorating facilities, adds to community and allows the park to be used all four seasons of the year.  
 The Comprehensive Plan recommends exploring development of an indoor recreation center with multi-purpose rooms for use by residents and community groups.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design			500,000			500,000
Construction/Maintenance				4,000,000	4,000,000	8,000,000
<b>Total</b>			500,000	4,000,000	4,000,000	8,500,000

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Contribution by Others			500,000	4,000,000	4,000,000	8,500,000
<b>Total</b>			500,000	4,000,000	4,000,000	8,500,000





**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project #** 45-C0640  
**Project Name** Signal Timing Optimization



**Type** Improvement      **Department** Engineering  
**Useful Life** 5 years      **Contact** Tissue  
**Category** Machinery and Equipment      **Priority** Planned Improvement  
**Location:** City-Wide  
**Year Submitted:** Ongoing  
**Status** Active

**Description**  
 Evaluate existing signals using computer modeling and re-time signals based on the ever changing traffic volume.  
 FY15: Wesel Boulevard corridor and interface with new Washington County signals at Halfway Boulevard.  
 FY16: Eastern Boulevard interface with County widening project  
 FY17: Northern Avenue corridor

**Justification**  
 Most cost effective way to reduce delay and congestion.

**Budget Impact/Other**  
 Operational cost neutral. This process optimizes the signal timing decreasing motorist delay and frustration.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design	20,000	20,000	20,000			60,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>			<b>60,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Transfers to CIP-General Fund	20,000	20,000	20,000			60,000
<b>Total</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>			<b>60,000</b>

**CAPITAL IMPROVEMENT PROGRAM**

FY '15 thru FY '19

**City of Hagerstown, Maryland**

**Project #** 45-C0663  
**Project Name** Fire Department Breathing Apparatus Equip

**Type** Replacement **Department** Fire  
**Useful Life** 15 years **Contact** Dieterich  
**Category** Machinery and Equipment **Priority** Planned Improvement  
**Location:** Fire Dept Admin  
**Year Submitted:** 2014  
**Status** Active



**Description**

Replace 72 breathing apparatus will fully outfit all front line fire equipment. It will also outfit the reserve equipment when called into service. All fire apparatus are needed on a large fire. It will outfit the battalion staff vehicles as well as the Fire Marshall's vehicles. Fire Department employees service and maintain all current breathing apparatus used by City employees. (Includes service for utilities department like Wastewater and the RC Willson Water Plant in Williamsport.)

**Justification**

Current breathing apparatus was purchased in 2000 and some in 2006. In 2006, we also purchased kits to upgrade the breathing apparatus purchased in 2000. These all meet the 2002 NFPA Standard.

There has been 2 standard updates since the equipment has been purchased. We are now working under the 2013 NFPA standard. The next standard update is anticipated in 2018. This is the time that new equipment should be purchased to bring us up to the current standards. With the purchase we would receive a breathing apparatus, 2 cylinders and a standard face piece. We would also need around 100 additional face pieces for career staff and active volunteers.

Finally, we need to replace the existing cascade system; it will no longer meet our needs due to higher pressure needed to fill the cylinders. (The cascade system is used to fill the cylinders with air.) The new apparatus runs at a higher pressure 6000 psi. The current system does not have a compliant fill station. The new system will reduce the risk of injury as a result as catastrophic failures.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings					650,000	650,000
<b>Total</b>					650,000	650,000

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Contribution by Others					100,000	100,000
Transfers to CIP-General Fund					550,000	550,000
<b>Total</b>					650,000	650,000

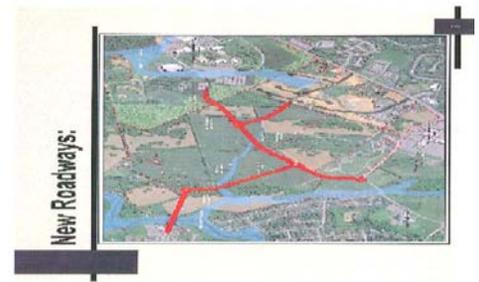
**CAPITAL IMPROVEMENT PROGRAM**

FY '15 thru FY '19

**City of Hagerstown, Maryland**

**Project # 45-C0685**  
**Project Name Professional Court Extension - Phase I**

**Type** Increase Capacity                      **Department** Engineering  
**Useful Life** 25 years                              **Contact** Tissue  
**Category** Infrastructure-Streets              **Priority** Planned Improvement  
**Location:** Professional Court  
**Year Submitted:** 2005  
**Status** Active



**Description**

The overall project is the creation of a new street network beyond the current eastern edge of the City. While Washington County government is already working on funding the initial phases of the street network, another portion of the project is the construction of a new multi-span bridge over Antietam Creek to the new street network for new development and as a means of providing a connection between the Eastern Boulevard corridor and Robinwood Drive.

Design work of this portion of the project is funded by a \$1,120,000 grant the county received from MDOT. This connection will prove to be a vital link in the community's transportation system on the eastern side of the City and would help to relieve traffic congestion on US Route 40. A road network will make development of the adjoining land as a bio-tech business park more feasible and, if annexed, create economic development opportunities for the City. Total project cost of just the new streets is estimated at \$24.7 million for the entire connection improvements between Eastern Boulevard and Robinwood Drive.

If the annexation of land is realized, the City's responsibility is the widening and reconstruction of the existing Professional Court to accommodate the construction of a new multi-span bridge over Antietam Creek

**Justification**

Provides redundant, more direct access to area (where hospital is now located) from the downtown and north side of the City.

The City's Comp Plan recommends this project as an improvement that would enhance the City's transportation network.

**Budget Impact/Other**

Long-term increase in maintenance costs of roughly \$20,000 annually for plowing, pavement maintenance, bridge maintenance, and pavement markings on new road within City limits. Additional lighting costs of \$3,000 annually.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance			1,000,000			1,000,000
<b>Total</b>			<b>1,000,000</b>			<b>1,000,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (General Fund)			1,000,000			1,000,000
<b>Total</b>			<b>1,000,000</b>			<b>1,000,000</b>





**CAPITAL IMPROVEMENT PROGRAM**

FY '15 *thru* FY '19

**City of Hagerstown, Maryland**

**Project #** 45-C0733  
**Project Name** R. Paul Smith Boulevard



**Type** Increase Capacity      **Department** Engineering  
**Useful Life** 25 years      **Contact** Tissue  
**Category** Infrastructure-Streets      **Priority** Planned Improvement  
**Location:** Howell Road at US 40  
**Year Submitted:** 2006  
**Status** Active

**Description**

FY17 & FY18: Construct a new connector/access road to be fully developer funded. Alignment based on Metropolitan Planning Organization study of the area.

**Justification**

Required to develop Harrison's tract.  
 Included in the long-range Transportation Plan of the Hagerstown/Eastern Panhandle region, as well as the Comprehensive Plan, recommend this project to improve the regional transportation system.

**Budget Impact/Other**

Long-term increase of roughly \$30,000 annually for plowing, pavement maintenance, signal maintenance, and pavement markings on new road within City limits. Additional lighting costs of \$4,000 annually.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design			500,000			500,000
Construction/Maintenance				4,500,000		4,500,000
<b>Total</b>			500,000	4,500,000		5,000,000

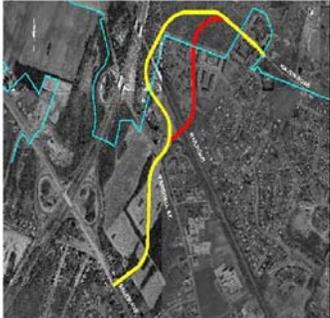
<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Contribution by Others			500,000	4,500,000		5,000,000
<b>Total</b>			500,000	4,500,000		5,000,000

**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project #** 45-C0735  
**Project Name** Northwest Connector



**Type** Increase Capacity      **Department** Engineering  
**Useful Life** 25 years      **Contact** Tissue  
**Category** Infrastructure-Streets      **Priority** Planned Improvement  
**Location:** Haven Road to Marshall Street  
**Year Submitted:** 2006  
**Status** Active

**Description**  
 In conjunction with development and consistent with a presentation to City Council in July, 2006, the City share would be 60' clear span bridge over railroad and a road from the bridge to Marshall Street (unless development proposed otherwise). The traffic study was finalized in January 2012.

**Justification**  
 Traffic volumes on Salem Avenue have increased 90% since 1997 and 34% on Burhans and Pennsylvania Avenue. Salem cannot be widened and anything to decrease traffic on Salem would benefit long term congestion. This road is "missing link" in the transportation system.  
 The Comprehensive Plan recommends working with other agencies to pursue the timely completion of selected projects that facilitate traffic movement around the City's periphery. This project was specifically identified.

**Budget Impact/Other**  
 Long-term increase in maintenance costs of roughly \$20,000 annually for plowing, pavement maintenance, bridge maintenance, and pavement markings for road within City limits. Additional lighting costs of \$3,000 annually.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design			80,000			80,000
Land Acquisition			200,000			200,000
Construction/Maintenance				1,500,000	3,400,000	4,900,000
<b>Total</b>			<b>280,000</b>	<b>1,500,000</b>	<b>3,400,000</b>	<b>5,180,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (General Fund)				1,000,000	850,000	1,850,000
Contribution by Others				500,000	2,400,000	2,900,000
Excise Tax Fund			280,000		150,000	430,000
<b>Total</b>			<b>280,000</b>	<b>1,500,000</b>	<b>3,400,000</b>	<b>5,180,000</b>























# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 45-C0839

**Project Name** MELP

<b>Type</b>	Improvement	<b>Department</b>	Finance
<b>Useful Life</b>	50 years	<b>Contact</b>	Spiker
<b>Category</b>	Buildings and Structures	<b>Priority</b>	Planned Improvement
<b>Location:</b>	Eastern Blvd @ Mt. Aetna Roa		
<b>Year Submitted:</b>	2012		
		<b>Status</b>	Active



### Description

The MELP was owned by the City of Hagerstown and operated as an electric generation facility for over fifty years. The property was sold to Hagerstown Fiber and Light to be utilized as a generation facility twenty years ago and subsequently sold to Partners Marketing LLP, where it remains in private ownership. MELP has not be utilized in over twenty years and has deteriorated to the point where demolition is the only viable option.

The City has approved legislation to initiate the process of Eminent Domain to acquire the property. C0839 will fund the remediation of contamination on the property and the demolition of the facility in FY16. The City has received a recent preliminary amount of \$800K as a potential salvageable value. However, due to market price fluctuations and variations, it is difficult to include an absolute salvage value at this time. In the future, the value of the salvageable materials should reduce the total \$3.1M estimate for the project.

Future site development is not addressed within this CIP but is addressed in CIP C0856. Additionally, no funding is in place regarding any relocation of the electric facilities owned by the HLD, Potomac Edison, or Cascades, LLP. Rough estimates based upon prior facility construction could approach \$6M/\$8M for the relocations.

### Justification

The City of Hagerstown owns all of the surrounding property and rights-of-ways and easements on approximately .4318 acres of the 2.9633 acres property. It is in the best interest of the City to protect the aforementioned property rights through ownership of the property and controlling the demolition and future development of the property. The City also owns a 54" wastewater line which runs under the property to the City's Wastewater Plant. This line is a critical component of our Collections System which needs to be protected.

### Budget Impact/Other

There are multiple funding sources for this project, including the proceeds from the sale of Willard Street property (Property Management Fund). The primary funding source will be a general fund supported bond issue in FY16 for \$2,235,000.

Based on a 25 year term, preliminary annual debt service impact for the 2016 bond issue of \$2.235M is \$143,000.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Land Acquisition	400,000					400,000
Demolition		2,700,000				2,700,000
<b>Total</b>	<b>400,000</b>	<b>2,700,000</b>				<b>3,100,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (General Fund)		2,235,000				2,235,000
CIP Fund Balance	35,000	465,000				500,000
Transfers to CIP-Prop Mgmt F	365,000					365,000
<b>Total</b>	<b>400,000</b>	<b>2,700,000</b>				<b>3,100,000</b>











**CAPITAL IMPROVEMENT PROGRAM**

FY '15 *thru* FY '19

**City of Hagerstown, Maryland**

**Project #** 45-C0855  
**Project Name** Gasboy Fuel Mgmt System Upgrade

**Type** Replacement **Department** Public Works  
**Useful Life** 15 years **Contact** Deike  
**Category** Machinery and Equipment **Priority** Public Safety  
**Location:** Memorial Blvd  
**Year Submitted:** 2013  
**Status** Active



**Description**  
 Upgrade/replacement of the existing Gasboy fuel management system.

**Justification**  
 Current hardware has been in place for over 15 years. Repair and replacement parts are obsolete.

**Budget Impact/Other**  
 This system functions for all departments that utilize fuel pumps.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	8,500					8,500
<b>Total</b>	<b>8,500</b>					<b>8,500</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
CIP Fund Balance	8,500					8,500
<b>Total</b>	<b>8,500</b>					<b>8,500</b>























# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 50-C0542  
**Project Name** Building and Site Improvements

**Type** Improvement **Department** Electric Fund  
**Useful Life** 30 years **Contact** Fridinger  
**Category** Buildings and Structures **Priority** Planned Improvement  
**Location:** 425 E. Baltimore Street  
**Year Submitted:** 2001  
**Status** Active



### Description

Make improvements to the HLD facility on East Baltimore Street.

FY15 - Begin roof replacement of center section.  
 FY16- Continue roof replacement  
 FY17- Finalize roof replacement

### Justification

Cost avoidance, planned improvement, and improved service. Installation of insulated windows will result in significant savings in heating and cooling costs. Current roof is well past it's expected life. The building has three distinct roof sections, so one section per year is proposed.

The existing rubber roof and rain gutters are approaching 30 years of age. Several leaks have been patched/repared over the years and most recently, seam separations have been repaired. The three selections of roof are planned to be replaced over fiscal years 2015 through 2017.

### Budget Impact/Other

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	25,000	25,000	25,000	20,000	20,000	115,000
Equip/Vehicles/Furnishings	125,000	125,000	125,000			375,000
<b>Total</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>20,000</b>	<b>20,000</b>	<b>490,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Electric Fund	150,000	150,000	150,000	20,000	20,000	490,000
<b>Total</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>20,000</b>	<b>20,000</b>	<b>490,000</b>





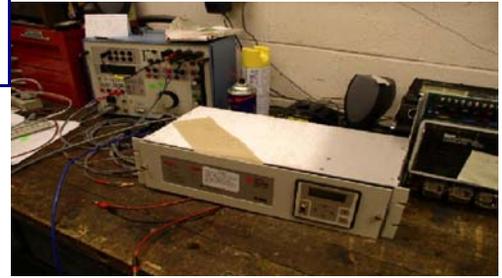
**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project #** 50-C0609  
**Project Name** Test Equipment

**Type** Improvement **Department** Electric Fund  
**Useful Life** 10 years **Contact** Fridinger  
**Category** Machinery and Equipment **Priority** Planned Improvement  
**Location:** 425 E. Baltimore Street  
**Year Submitted:** Ongoing  
**Status** Active



**Description**

Procure/repair test equipment to improve maintenance programs and power quality for customers, record voltages, record energy usage, test revenue meters, substation equipment maintenance testing, distribution equipment maintenance testing, and etc.

**Justification**

Improve reliability of service and meet testing and calibration requirements set forth by the Maryland Public Service Commission.

**Budget Impact/Other**

Test equipment will assist staff in verifying that installed facilities are operating at peak efficiency. It will also ensure that periodic maintenance programs are accomplishing expected results which, most importantly, are to reduce equipment out-of-service time and customer outages.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	7,000	17,000	17,000	17,000	17,000	75,000
<b>Total</b>	<b>7,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>75,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Electric Fund	7,000	17,000	17,000	17,000	17,000	75,000
<b>Total</b>	<b>7,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>75,000</b>







**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project # 50-C0818**  
**Project Name Noland Drive Boys & Girls Club**



**Type** Increase Capacity      **Department** Electric Fund  
**Useful Life** 50 years      **Contact** Fridinger  
**Category** Infrastructure-Utilities      **Priority** Planned Improvement  
**Location:** Noland Village  
**Year Submitted:** 2011  
**Status** Active

**Description**  
 Reconstruct overhead facilities offsite and install necessary underground equipment onsite to provide electric service. The developer will install all conduits. Location is in empty lot in Noland Village.

**Justification**  
 Provide electric service to new customers within the service territory of the HLD.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	37,000					37,000
Equip/Vehicles/Furnishings	15,000					15,000
<b>Total</b>	<b>52,000</b>					<b>52,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Electric Fund	52,000					52,000
<b>Total</b>	<b>52,000</b>					<b>52,000</b>

**CAPITAL IMPROVEMENT PROGRAM**

FY '15 *thru* FY '19

**City of Hagerstown, Maryland**

**Project #** 50-C0819  
**Project Name** Hamilton Hotel



**Type** Increase Capacity      **Department** Electric Fund  
**Useful Life** 50 years      **Contact** Fridinger  
**Category** Infrastructure-Utilities      **Priority** Planned Improvement  
**Location:** W Washington Street  
**Year Submitted:** 2010  
**Status** Active

**Description**  
 Reconstruct overhead facilities offsite and install necessary underground equipment onsite to provide electric service. The developer will install all conduits. Location is at the corner of W. Washington Street and Jonathan Street.

**Justification**  
 Provide new electric service to customers within the service territory of the HLD.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	5,000					5,000
Equip/Vehicles/Furnishings	4,000					4,000
<b>Total</b>	<b>9,000</b>					<b>9,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Electric Fund	9,000					9,000
<b>Total</b>	<b>9,000</b>					<b>9,000</b>











# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0167  
**Project Name** Willson Transmission Mains



**Type** Improvement **Department** Water Fund  
**Useful Life** 75 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Willson Plant  
**Year Submitted:** 2006  
**Status** Active

**Description**  
 FY 15 - FY19: Phase 2 - Begin Engineering Design to extend the 36" transmission mains from Bottom Road to the Creek (work will include a directional bore under the Conococheaque Creek)  
 FY18: Phase 3 - Begin design to extend the 36" transmission Mains from the Conococheaque Creek to Governors Lane.

**Justification**  
 To replace deteriorated infrastructure - reliability.  
 This project has been identified and is consistent with recommendations in the City Comprehensive Plan. The old Cast Main was installed in the 1920's and the concrete main was installed in the 1950's. Distribution crews repair numerous pipe/joint failures each year.

**Budget Impact/Other**  
 Replace and/or upgrade deteriorating infrastructure - reliability.  
 Operational cost should decrease as a result of this project associated with time and materials to repair and road repair.  
 Additionally based on a 30 year term, preliminary annual debt service impact for the 2015 MDE low interest bond issue of \$500K is \$22K.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance		3,250,000	4,250,000		3,500,000	11,000,000
Engineering	500,000	500,000	400,000	500,000	350,000	2,250,000
<b>Total</b>	<b>500,000</b>	<b>3,750,000</b>	<b>4,650,000</b>	<b>500,000</b>	<b>3,850,000</b>	<b>13,250,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
MDE Loan	500,000	3,750,000	4,650,000	500,000	3,850,000	13,250,000
<b>Total</b>	<b>500,000</b>	<b>3,750,000</b>	<b>4,650,000</b>	<b>500,000</b>	<b>3,850,000</b>	<b>13,250,000</b>

**CAPITAL IMPROVEMENT PROGRAM**

**FY '15 thru FY '19**

**City of Hagerstown, Maryland**

**Project #** 52-C0168  
**Project Name** Edgemont Reservoir Improvements



**Type** Improvement **Department** Water Fund  
**Useful Life** 50 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Watershed - Smithsburg  
**Year Submitted:** Ongoing  
**Status** Active

**Description**

FY15: No planned improvements.  
 FY16: Begin design for improvements to the intake structure, complete design of improvements to the intake structure at the Edgemont Reservoir.  
 FY16: Begin construction of improvements to the Edgemont Reservoir intake.  
 FY18: Complete construction on intake improvements.  
 FY15-FY19: \$150,000 each year for Watershed land acquisition and improvements in the watershed.

**Justification**

Improve system and increase reliability - modification to the intake structure will allow water production to withdraw water from the reservoir from a higher elevation which will allow the Breichner Plant to be used during the summer months. In subsequent upgrades to the Breichner Plant - staff is working to make the plant operational to supply much of this service area.  
 Funding from Earnings on Investment on the Appalachian Trail will be used to help fund Watershed work.

**Budget Impact/Other**

Planned improvement to address regulatory requirements. Operational costs associated with Pump Station 6 may be reduced.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance			150,000	150,000		300,000
Other	150,000	150,000	150,000	150,000	150,000	750,000
Engineering		70,000	20,000	20,000		110,000
<b>Total</b>	<b>150,000</b>	<b>220,000</b>	<b>320,000</b>	<b>320,000</b>	<b>150,000</b>	<b>1,160,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
MDE Loan		70,000	170,000	170,000		410,000
Water Fund	150,000	150,000	150,000	150,000	150,000	750,000
<b>Total</b>	<b>150,000</b>	<b>220,000</b>	<b>320,000</b>	<b>320,000</b>	<b>150,000</b>	<b>1,160,000</b>



# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0405  
**Project Name** Breichner WTP Improvements



**Type** Improvement **Department** Water Fund  
**Useful Life** 25 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Breichner Plant  
**Year Submitted:** Ongoing  
**Status** Active

### Description

Upgrades will be a result of the implementation of existing and proposed Safe Drinking Water Act requirements as well as Clean Water Act requirements. Upgrades will be necessary to convert the Breichner Plant to chloramination once the Willson Phase IV work is complete. Additional upgrades will include upgrading the electrical and SCADA equipment, internal piping and enhanced filtration sufficient to treat the raw water supply. Upgrade(s) will likely cost \$2,500,000 (engineering and construction). Upgrades will be phased in once the Willson Plant upgrades are complete.

FY15: Begin design for plant upgrades for compliance with Safe Drinking Water Act Disinfectant By-product Rule (stage 2) requirements

### Justification

Replace and/or upgrade aging equipment to achieve compliance with the Enhanced Long Term 2 Surface Water Treatment Rule requirements and to continue to ensure a back-up water supply.

### Budget Impact/Other

Planned improvement to enhance reliability.

Additionally based on a 30 year term, preliminary annual debt service impact for the 2015 MDE low interest bond issue of \$300K is \$13.5K.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	50,000	1,500,000	1,000,000	52,500	55,125	2,657,625
Engineering	250,000	250,000	100,000			600,000
<b>Total</b>	<b>300,000</b>	<b>1,750,000</b>	<b>1,100,000</b>	<b>52,500</b>	<b>55,125</b>	<b>3,257,625</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
MDE Loan	300,000	1,750,000	1,100,000	52,500	55,125	3,257,625
<b>Total</b>	<b>300,000</b>	<b>1,750,000</b>	<b>1,100,000</b>	<b>52,500</b>	<b>55,125</b>	<b>3,257,625</b>

# CAPITAL IMPROVEMENT PROGRAM

FY '15 thru FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0648  
**Project Name** Adm. & Engineering Equipment



**Type** Improvement  
**Useful Life** 5 years  
**Category** Infrastructure-Utilities  
**Location:** Wastewater treatment plant  
**Year Submitted:** Ongoing  
**Department** Water Fund  
**Contact** Hausrath  
**Priority** Planned Improvement  
**Status** Active

**Description**  
 FY15-19: Upgrade computer equipment and info-water program (Hydraulic Model and GIS).  
 The Hydraulic Model is included in this CIP which is interfaced with the City GIS Project.

**Justification**  
 To replace and/or upgrade engineering computer hardware and software.

**Budget Impact/Other**  
 To ensure accuracy and reliability of engineering equipment.  
 Will require funding through the operations budget 52-74001 to keep software management agreements current.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Software	10,000	10,000	10,000	10,000	10,000	50,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>50,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Water Fund	10,000	10,000	10,000	10,000	10,000	50,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>50,000</b>

# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0651  
**Project Name** Pump Station Improvements



**Type** Improvement **Department** Water Fund  
**Useful Life** 25 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Various locations  
**Year Submitted:** Ongoing  
**Status** Active

**Description**  
 FY15-FY19: \$75,000 for replacement of critical equipment at all stations (pumps, SCADA Upgrade, etc.)  
 FY16: Design of new suction and discharge mains at Pump Station 6 at Greendale Street (\$150,000); Misc. pump replacements (developer driven)  
 FY17-18: Design for the relocation of Pump Station 2(100,000); construction of new Pump Station 2(\$662,500) . Pump Station 2 is located on Northern Avenue and this project is developer driven.

**Justification**  
 Replace and/or upgrade deteriorating infrastructure-reliability. PS2 (Northern Ave) relocation will be development driven. It is possible that a portion of the funding will be through developer contribution.

**Budget Impact/Other**  
 Replace and/or upgrade deteriorating infrastructure - reliability.  
 Note: upgrades to the pump stations will not likely change the overall operating costs.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	75,000	75,000	712,500	587,500	75,000	1,525,000
Engineering		150,000	125,000	125,000		400,000
<b>Total</b>	<b>75,000</b>	<b>225,000</b>	<b>837,500</b>	<b>712,500</b>	<b>75,000</b>	<b>1,925,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Contribution by Others		150,000	762,500	637,500		1,550,000
Water Fund	75,000	75,000	75,000	75,000	75,000	375,000
<b>Total</b>	<b>75,000</b>	<b>225,000</b>	<b>837,500</b>	<b>712,500</b>	<b>75,000</b>	<b>1,925,000</b>



# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0709  
**Project Name** Distribution System Rehab - Main Replacement



**Type** Replacement **Department** Water Fund  
**Useful Life** 50 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Water Department  
**Year Submitted:** Ongoing  
**Status** Active

### Description

FY15: Continue the leak detection program.  
 FY15: Continue to replace aging infrastructure throughout the Distribution System - will coordinate with City/County and State road projects.  
 FY15-FY19: Continue to replace aging infrastructure throughout the Distribution System.  
 FY15-FY19: \$50,000 per year will be dedicated to the hydrant and valve program.

### Justification

Replace deteriorating infrastructure, improve safety for workers, and improve customer service.  
 Main replacement will be based on age of mains, main failure and the removal of transite (asbestos concrete) pipe.

### Budget Impact/Other

Replace and/or upgrade deteriorating infrastructure - reliability.  
 Reduction in operating cost associated with road repairs as distribution system is upgraded (materials and road repairs.)  
 Additionally based on a 20 year term, preliminary annual debt service impact for the 2015 general fund supported bond issue of \$850K is \$30K.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	200,000	206,000	212,180	218,545	225,102	1,061,827
Allocated Labor	200,000	206,000	212,180	218,545	225,102	1,061,827
<b>Total</b>	<b>400,000</b>	<b>412,000</b>	<b>424,360</b>	<b>437,090</b>	<b>450,204</b>	<b>2,123,654</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (Water Fund)	400,000	412,000	424,360	437,090	450,204	2,123,654
<b>Total</b>	<b>400,000</b>	<b>412,000</b>	<b>424,360</b>	<b>437,090</b>	<b>450,204</b>	<b>2,123,654</b>

# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 52-C0740  
**Project Name** Willson Plant Improvements Phase IV



**Type** Improvement **Department** Water Fund  
**Useful Life** 50 years **Contact** Hausrath  
**Category** Infrastructure-Utilities **Priority** Planned Improvement  
**Location:** Willson Plant  
**Year Submitted:** 2006  
**Status** Active

**Description**  
 FY-15 Complete Phase IV Treatment Upgrade for Disinfection By-Product Rule 2.

**Justification**  
 To comply with Safe Drinking Water Act Standards - Upgrade will include modifications of the filter backwash water recycle and residual treatment/disposal. If funding allows, project will include improvements to the existing structure to upgrade the Operator Booth and construction of a Conference Room.

**Budget Impact/Other**  
 Replace and/or upgrade deteriorating infrastructure - reliability.  
 Additionally based on a 30 year term, preliminary annual debt service impact for the 2015 MDE low interest bond issue of \$1.35M is \$59.5K.

Expenditures	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Construction/Maintenance	1,350,000					1,350,000
Engineering	150,000					150,000
<b>Total</b>	<b>1,500,000</b>					<b>1,500,000</b>

Funding Sources	FY '15	FY '16	FY '17	FY '18	FY '19	Total
MDE Loan	1,350,000					1,350,000
Water Fund	150,000					150,000
<b>Total</b>	<b>1,500,000</b>					<b>1,500,000</b>



**CAPITAL IMPROVEMENT PROGRAM**

FY '15 *thru* FY '19

**City of Hagerstown, Maryland**

**Project # 54-C0004**  
**Project Name Wastewater Vehicle Replacement**

**Type** Replacement **Department** Wastewater Fund  
**Useful Life** 6 years **Contact** Moss  
**Category** Automobiles and Trucks **Priority** Planned Improvement  
**Location:** CS, WWTP, Admin.  
**Year Submitted:** Ongoing  
**Status** Active



**Description**

FY15: Replace 1998 #594 John Deere Backhoe (\$95,000); 1987 #530 Gardner Denver Air Compressor (\$17,000);replace 2000 #512 Dump truck (\$135,000); 1988 #520 Case tractor(\$25,000);1998 #501 Jeep Cherokee (\$35,000)

FY16: Replace 2003 #526 Ford F450 (\$75,000), and 2002 #534 Ford Escape (\$30,000)

FY17: Replace 2005 #535 New Holland Tractor (\$25,000), #508 2003 Ford F550 1-T (\$80,000), and #592 2001 John Deere 301SG Backhoe/Loader (\$95,000)

FY18: Replace 1989 #519 Chevy Vacuum Truck (\$70,000), and 1991 #522 Ingersoll Rand Light Plant (\$45,000)

FY19: Replace #513 1993 Kohler MGS-2226 Generator (\$95,000)

**Justification**

Replacement units - reduced maintenance costs anticipated

**Budget Impact/Other**

Newer vehicle require less maintenance thus reducing O&M costs.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings	307,000	105,000	200,000	115,000	95,000	822,000
<b>Total</b>	<b>307,000</b>	<b>105,000</b>	<b>200,000</b>	<b>115,000</b>	<b>95,000</b>	<b>822,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Wastewater Fund	307,000	105,000	200,000	115,000	95,000	822,000
<b>Total</b>	<b>307,000</b>	<b>105,000</b>	<b>200,000</b>	<b>115,000</b>	<b>95,000</b>	<b>822,000</b>





# CAPITAL IMPROVEMENT PROGRAM

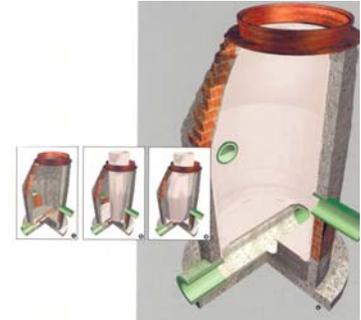
FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 54-C0327  
**Project Name** Collection System Rehabilitation

**Type** Improvement **Department** Wastewater Fund  
**Useful Life** 40 years **Contact** Moss  
**Category** Infrastructure-Utilities **Priority** Public Safety  
**Location:** City-Wide  
**Year Submitted:** Ongoing

**Status** Active



**Description**  
 Collection system personnel to continue Point repairs through out the system (estimated at \$400,000 / year).  
 FY16 - Re-route forcemain for Station #8 to discharge into Station #18 & #26 (\$1,200,000)  
 Relocate Gravity at Pump Station #3 (\$30,000) Service connection & main rehabilitation (\$300,000) Manhole rehabilitation (\$80,000)

**Justification**  
 Reducing the inflow and infiltration will provide future re-capturing of allocation for the WWTP.  
 Consistent with Comprehensive Plan - identified need to address long-term wastewater issues with projected capacity deficits  
 FY16 - By re-routing the forcemain for Station #8 into #18 & #26 it will reduce the burden on Station #4 and open that area up to development.

**Budget Impact/Other**  
 Reduction of I/I will free up capacity for future growth (future revenues).  
 Additionally, based on a 20 year term, preliminary annual debt service impact for the 2015 general fund supported bond issue of \$200K is \$15.5K.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	400,000	1,600,000	400,000	400,000	400,000	3,200,000
<b>Total</b>	<b>400,000</b>	<b>1,600,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>3,200,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (Wastewater F	200,000	700,000	200,000	200,000	200,000	1,500,000
Contribution by Others		700,000				700,000
Wastewater Fund	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>Total</b>	<b>400,000</b>	<b>1,600,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>3,200,000</b>









# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 54-C0711  
**Project Name** Solids Processing-Pelletizer and WWTP Improvements



**Type** Improvement **Department** Wastewater Fund  
**Useful Life** 20 years **Contact** Moss  
**Category** Machinery and Equipment **Priority** Contract Obligation  
**Location:** Wastewater treatment plant  
**Year Submitted:** Ongoing  
**Status** Active

**Description**

This project will upgrade equipment in the WWTP and the Sludge Pelletizing facility (Synagro). The pelletizing building and the equipment is owned by the City, but Synagro is proposing to complete the upgrades for this facility. The wastewater operations staff will also be evaluating our sludge handling process.

FY15 & FY16 - Budgeted for Planning, Design and Construction of new sludge processing and storage facilities for the wastewater treatment plant, current storage was constructed during the 1980 plant upgrade.

Synagro will upgrade the pelletizing facility as a part of their extended contract. We will look at the total sludge operation process for upgrades.

**Justification**

Improve reliability and maintain MDE compliance.

**Budget Impact/Other**

May cause increase to future operational budget to offset costs of improvements.

Additionally based on a 20 year term, preliminary annual debt service impact for the 2015 general fund supported bond issue of \$1.050M is \$78.5K.

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Planning/Design	50,000	50,000				100,000
Construction/Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
<b>Total</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>5,100,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Bond Financing (Wastewater F	1,050,000	1,050,000	1,000,000	1,000,000	1,000,000	5,100,000
<b>Total</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>5,100,000</b>







# CAPITAL IMPROVEMENT PROGRAM

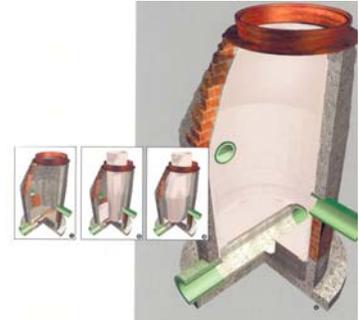
FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 54-C0800  
**Project Name** Citywide - CS Rehabilitation

**Type** Improvement **Department** Wastewater Fund  
**Useful Life** 40 years **Contact** Moss  
**Category** Infrastructure-Utilities **Priority** Public Safety  
**Location:** City-Wide  
**Year Submitted:** 2008

**Status** Active



### Description

Correct infiltration & inflow into the wastewater collection system by replacement or re-lining defective piping.  
 Will submit application for grant funding to MDE by January 31, 2014.  
 The project will repair segments that were identified in the 2007 Sanitary Sewer Evaluation Study (SSES).

### Justification

Reducing the inflow & infiltration will provide future re-capturing of allocation for the WWTP.  
 Consistent with Comprehensive Plan - identified need to address long-term wastewater issues with projected capacity deficits.

### Budget Impact/Other

Reduction of I/I will free up capacity for future growth (future revenues)

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Construction/Maintenance	300,000					300,000
<b>Total</b>	<b>300,000</b>					<b>300,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Grant-State MDE	300,000					300,000
<b>Total</b>	<b>300,000</b>					<b>300,000</b>













**CAPITAL IMPROVEMENT PROGRAM**

FY '15 *thru* FY '19

**City of Hagerstown, Maryland**

**Project #** 57-C0395  
**Project Name** Golf Course - Vehicles/Equipment



**Type** Improvement **Department** Golf Fund  
**Useful Life** 5 years **Contact** Mason  
**Category** Automobiles and Trucks **Priority** Cost Avoidance  
**Location:** Greens at Hamilton Run  
**Year Submitted:** 2008

**Status** Active

**Description**  
 See vehicle and equipment replacement schedule.  
 FY16: Replace Lightweight Reel Mower #326 (\$30,000)  
 FY17: Replace 2004 Cushman Sprayer #389 (\$30,000)  
 FY18: Replace 1995 Kubota Tractor #353 (\$20,000)  
 FY19: Replace Turf truckster #373A (\$20,000)

**Justification**  
 Replace deteriorated equipment. Maintain reliable and efficient equipment necessary to operate and maintain golf course.

**Budget Impact/Other**

<b>Expenditures</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Equip/Vehicles/Furnishings		30,000	30,000	20,000	20,000	100,000
<b>Total</b>		<b>30,000</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>	<b>100,000</b>

<b>Funding Sources</b>	<b>FY '15</b>	<b>FY '16</b>	<b>FY '17</b>	<b>FY '18</b>	<b>FY '19</b>	<b>Total</b>
Golf Fund		30,000	30,000	20,000	20,000	100,000
<b>Total</b>		<b>30,000</b>	<b>30,000</b>	<b>20,000</b>	<b>20,000</b>	<b>100,000</b>









# CAPITAL IMPROVEMENT PROGRAM

FY '15 *thru* FY '19

## City of Hagerstown, Maryland

**Project #** 58-C0828  
**Project Name** Hagerstown Small Business Center



**Type** Improvement **Department** Property Management Fund  
**Useful Life** 25 - 50 years **Contact** Lestitian  
**Category** Buildings and Structures **Priority** Planned Improvement  
**Location:** 60 W Washington Street  
**Year Submitted:** 2011  
**Status** Active

### Description

The City continues to support small businesses through the third phase of renovations and improvements to the building located at 60 West Washington Street, which will occur in 2014. Previous renovations included façade improvements, creation of a new retail space, and creation of new classroom and office space now occupied by the University System of Maryland. The middle portion of the building will undergo renovations to create a Business Resource Center. This center will provide incubation, assistance, and networking opportunities for new and existing downtown businesses. A USDA Rural Business Enterprise Grant was awarded to the City in the amount of \$174,000 and will fund the construction and fit out of the Business Resource Center.

FY17: Painting retail space (\$5,000)  
 FY18: Painting USMH space (\$10,000); and roof replacement (\$80,000)

### Justification

As part of the City of Hagerstown's commitment to enhance economic development in the City Center, the building was acquired in April 2011 in order to create a small business incubator. The small business incubator will aide in the creation of small businesses and allow small businesses to grow and expand.

### Budget Impact/Other

Expenditures	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Construction/Maintenance			5,000	90,000		95,000
<b>Total</b>			5,000	90,000		95,000

Funding Sources	FY '15	FY '16	FY '17	FY '18	FY '19	Total
Property Management Fund			5,000	90,000		95,000
<b>Total</b>			5,000	90,000		95,000



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**GLOSSARY AND FISCAL POLICIES  
SECTION 10**

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GLOSSARY  
FISCAL YEAR 2014/2015

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**Definitions of terms used in preparation of the Budget are listed below and in the pages that follow.**

**Accounting System** – The total structure of records and procedures that identify, record, classify, summarize, and report information on the financial position and results of operations of a government.

**Accrual Basis of Accounting** – The method of accounting where transactions are recognized when they occur, regardless of the timing of related cash flows.

**Appropriations** – The legal authorizations made by the Mayor and Council to the departments, offices, and agencies of the City which approves their budgets and allows them to make expenditures and incur obligations for purposes with the accounts approved.

**Assessable Base** – The total value of all real and personal property in the city which is used as a basis for levying taxes. Tax exempt property is excluded from the assessable base.

**Assigned Fund Balance** – The portion of net resources intended for a specific use by the City, as determined by the designee of the Mayor and Council.

**Balanced Budget** – A budget that has operating revenues equal to operating expenditures.

**Bloom-Carlile Fund** - The Bloom-Carlile Trust Fund was established to segregate funds received from the estates of S. Martin Bloom, Annie Gill Carlile, and others from the general accounts of the City. The donors' intent was to establish a permanent endowment fund. The income earned on investment of the fund is used to provide assistance to the poor and needy of Hagerstown.

**Bond** – A written promise to pay a specified amount of money, called the principal amount, at specific dates in the future called maturity dates along with interest at specific rate.

**Bond Anticipation Notes** – Short-term interest-bearing notes issued by a government in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond to which they are related.

**Bonds Issued** – Bonds sold.

**Bond Rating** – A rating that indicates the probability of timely repayment of principal and interest on bonds issued.

**Budget** – A financial plan containing estimated revenues and expenses for an organization. The plans are prepared by the individual departments and reviewed and submitted by the City Administrator to the Mayor and Council for their review and approval.

**Budget Year** – The fiscal year for which the budget is being considered. (See also FISCAL YEAR.)

**Business Revolving Loan Fund** - This fund is designed to assist in the recruitment, retention and expansion of businesses within the City of Hagerstown, Maryland.

**Capital Budget** – The annual adoption of project appropriations by the Mayor and Council. Project appropriations are for the amount necessary to carry out a capital project's expenditure plan, including multi-year contracts for which a total appropriation covering several years planned expenditures may be required.

**Capital Improvements Program (CIP)** – The annual updated 6-year plan or schedule of projected expenditures for buildings, public facilities, and other improvements which are of significant value and have a useful life of several years. The City's program includes estimated project costs, sources of funding, and timing of work for each project. The capital improvement program is the basis for the annual CIP appropriations and any new bond issues.

**Capital Expenses (Outlays)** – Departmental expenditures which generally result in the acquisition of furniture, equipment, and/or computers, which have a value of less than \$5,000 (\$10,000 for Enterprise

GLOSSARY  
FISCAL YEAR 2014/2015

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Funds), and have a useful economic life of more than one year. Capital expenses are reflected in the budget document in each department requesting the items.

**Capital Projects** – A specific activity or element of the Capital Improvements Program involving expenditures and funding for the creation of permanent facilities or other public assets that have a relatively long useful life.

**CDBG** – See Community Development Block Grant

**CIP** – See Capital Improvements Program

**Committed Fund Balance** – Portion of net resources with imposed limitations set at the highest level of decision making authority. Such authority includes ordinances, resolutions of the Mayor and Council and the City's charter. Formal action at the same level of authority is required to remove such limitations.

**Community Development Block Grant (CDBG)** – A general purpose, federal grant primarily used to promote rehabilitation and development of residential and commercial neighborhoods, and to meet all urgent community development needs.

**Current Year** – The fiscal year that is prior to the budget year.

**Debt Issuance** – The sale or issuance of any type of debt instrument, such as bonds.

**Debt Limit** – The statutory or constitutional maximum debt that an issuer can legally incur.

**Debt Ratios** – The ratios that provide measures of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They also are used to evaluate the City's debt position over time against its own standards and policies.

**Debt Service** – The payment of principal and interest on borrowed funds such as bonds.

**Deficit** – The amount by which a government's budget outlays exceed its budget revenues for a given period, usually a fiscal year.

**Dental Care Fund** – Similar to the Health Insurance Fund this Fund manages the Dental Insurance. It allocates the costs by billing a pre-established internal "insurance" rate for each fund's employees, retirees, and dependents. This charge represents funding sources from which the dental care related administrative and reimbursement costs are paid.

**Department** – The major organizational divisions in the City government with overall responsibility for one or activities or functions of the City.

**Depreciation** – An allocation made for the decrease in value of physical assets through wear, deterioration, or obsolescence. It allocates the asset's cost over its useful life.

**Distinguished Budget Presentation Award** – A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

**Economic Redevelopment Fund** - This fund is used to account for activities related to purchase and redevelopment of targeted properties in the City's downtown central business district. These activities are primarily funded by federal and state grants.

**Electric Fund** - This fund is used to account for the activities of the City's electric distribution operations.

GLOSSARY  
FISCAL YEAR 2014/2015

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**Encumbrance** – A firm commitment to pay for future goods and services formally documented with a contract or agreement that may extend over more than one budget year. Both encumbrances and planned expenditures on a project must fit within an agency's appropriation.

**Enterprise Fund** – A fund used to account for operations that are financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public are financed or recovered primarily through user charges. The City has six enterprise funds: Electric, Water, Wastewater, Parking, Golf Course, and Property Management.

**Estimated Actual (Revenue, Expenditures)** – Projected amounts to be paid or collected for the current year estimate through analysis of year-to-date financial trends or schedules.

**Excise Tax Fund** – This fund was created to account for funds received from the excise tax. Revenues from the excise tax imposed through Washington County may only be used for specific purposes and this fund will be used to account for those funds.

**Expenditure** – An actual payment made by check, inter-fund transfer, or by recordation of an amount due for goods received or services rendered.

**Expenditure Summary** – A top-level summary of expenditures by category for each department. The expenditure summary is a component of the departmental Program Summary in the budget document.

**Fees** – Income resulting from a billing for services or sale made by the City. For example, building permit fees, license fees, and service fees for water, wastewater, and electric, etc.

**Fiscal Policies** – The City's financial management policies relating to the operating budget, revenues, capital improvements program, general fund balance levels, liability coverage and workers compensation risk management, debt, investments, purchasing, Electric Fund dividend transfer, and Community Betterment Fund use.

**Fiscal Year** – An organization's accounting or financial year. The City's fiscal year starts July 1 and ends June 30.

**Fixed Asset** – Assets of a long-term character which are intended to continue to be held and used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.

**Flexible Spending Fund** - This fund was established to account for the City Employee Flexible Spending Account (FSA) Program. Funds are designated on a pre-tax basis to this fund by employees participating in the FSA Program for unreimbursed medical and dependent care costs and reimbursements are made to employees for these costs up to the annual amounts each employee chose to designate. Employer FICA savings are contributed to this fund and are used to pay for administrative costs.

**Full-Time Staffing** – Indicated the authorized number of full-time number of employees in department by position type. Part-time staffing reflected on the full-time staffing schedule does not include temporary and seasonal positions. Full-time staffing levels are reflected in each Program Summary.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts recording cash and all other financial resources or assets, together with all related liabilities or outside claims to those assets; and the remaining unclaimed net worth or residual equity in those assets, which are segregated for the purpose of carrying on specific activities or attaining specific program objectives.

**Fund Balance** – The cumulative difference between expenditures and revenue accumulated over the life of a fund. A negative fund balance is usually referred to as a deficit.

**FY** – See Fiscal Year

**GAAP** – See Generally Accepted Accounting Principles.

**GASB** – See Governmental Accounting Standards Board.

**General Fund** – The major operating fund of the City used to account for all financial resources and activities, except those accounted for in one of the City's other funds.

**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Boards, Financial Accounting Standards Board, or various other accounting standard setting bodies.

**GFOA** – See Government Finance Officers Association.

**Golf Course Fund** - This fund is used to account for all activities relating to the City's public golf course.

**Governmental Accounting Standards Board (GASB)** – This organization was established as an arm of the Financial Accounting Foundation in April 1984 to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.

**Governmental Fund** – The funds through which most government functions are financed. The City's governmental funds are the General, Debt Service, Capital Projects, and Special Revenue Funds.

**Grants** – A transfer of county, state or federal monies to the City, usually for specific programs or activities.

**Infrastructure** – The physical assets of a city (streets, water, wastewater, public buildings, and/or parks) upon which the continuance and growth of a community depend.

**Health Care Fund (HCF)** - The City manages a self-insurance program for health care for its active and retired employees and their dependents in this Internal Service fund. Under this self-funded plan the City pays a standard monthly administrative fee for each covered member and accepts claim risks up to a specific stop loss for each individual covered. In addition, a second level of insurance called the aggregate stop loss assures that the City does not pay more than a maximum of projected expenses. All funds to which employees are assigned participate in the HIF. It allocates to costs by billing a pre-established internal insurance rate for each fund's employees, retirees and dependents. This charge represents the funding sources for the HCF from which all health care related administrative and medical reimbursements costs are paid.

**Interfund Transfers** – Payments made from one operating fund to another as a contribution to defray a portion of the recipients fund's costs.

**Intergovernmental Revenues** – The revenues from other governments in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

**IT** – Department of Information and Technology.

**Levy** – (Verb) To impose taxes or special assessments for the support of governmental activities. (Noun) A tax or special assessment imposed by a government.

**Liabilities** – Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

**Liability Coverage Service Fund** – An internal service fund used to provide for potential uninsured liability claims.

**Line-Item Budget** – The traditional form of budgeting, where proposed expenditures are based on individual types of expenditures within a department or program. The Hagerstown City Budget is a line item budget with summary and program information to aid in obtaining a more complete picture of the budget.

GLOSSARY  
FISCAL YEAR 2014/2015

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**Long-Term Debt** – Debt or obligations of the City with a final maturity or payment date of greater than one year.

**Major Budget Highlights** – A component of the Program Summary that explains significant changes or highlights in each department's proposed budget as compared to the previous year's budget.

**Major Budget Year Initiatives** – A component of the Program Description that details departmental goals for the fiscal year. These objectives are tied to the City's overall strategic plan.

**Matured Bonds Payable** – A liability account reflecting unpaid bonds that have reached or passed their maturity date.

**MGD** – Million Gallons per Day.

**Modified Accrual Basis Of Accounting** – The accrual basis of accounting adapted to the governmental fund type. It is a modified version of the full accrual basis of accounting in that it, in general, measures financial flow (tax and spend) of an organization, rather than capital accumulation (profit or loss).

**Net Bonded Debt** – Gross bonded debt less any cash or other assets available and earmarked for its retirement.

**Non-Departmental Operating Expenditures** – Operating expenditures which are not charged directly to specific departments but are cost to the City as a whole, such as debt service payments and general liability insurance.

**Nonspendable Fund Balance** – Portion of net resources that cannot be spent either (a) because of their form, or (b) because they must be maintained in tact.

**Obligations** – Amounts that a government may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

**Operating Budget** – The portion of the City's budget that provides resources for the day-to-day operations of the City.

**Ordinance** – A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions that must be enacted by ordinance and those which may be enacted by resolution.

**Parking Fund** - This fund is used to account for the activities of the City's parking lots and decks.

**Pay-As-You-Go** – Capital expenditures which are funded from current revenues.

**Payment In Lieu Of Taxes** – Payments made by entities not legally required to pay taxes in order that they may receive the same services as private taxpayers.

**Per Capita** – Per unit of population; by or for each person.

**Performance Indicators** – A component of the Program Description that reflects statistical indicators of levels of service or performance measures by department. Current fiscal year and budget year are projected.

**Personnel (Costs)** – Expenditures that include salary costs for full-time, part-time, temporary and contract employees, overtime expenses and all associated fringe benefits.

**Prior Year(s)** – The fiscal year(s) preceding the current year.

GLOSSARY  
FISCAL YEAR 2014/2015

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**Program Description** – One of the major sections of the budget document that serves as an introduction for each department, and includes the department's function, program objectives, and performance indicators.

**Program Elements** - The major functional areas in which each department directs its resources, such as Personal Computer Support in the Information Technology department or Insurance Administration in the Purchasing department. The program elements are a component of the Program Summary.

**Program Function** – A component of the Program Description that describes the primary responsibility of the department.

**Program Summary** – One of the major sections of the budget document that details each department's budgetary activity. The summary includes the expenditure summary, major budget highlights, and staffing levels.

**Projections** – The estimate of budget authority, outlays, receipts, or other amounts extending several years into the future. Projections generally are intended to indicate the budgetary implications of existing or proposed programs.

**Property Management Fund** - This fund is used to account for all activities related to rental properties owned and managed by the City.

**Proposed Budget** – Reflects the budget or line-item amount recommended by the City Administrator to the Mayor and Council for their review and consideration. It reflects either his assessment of what is needed to accomplish the department's objectives, or the limited resources available to accomplish the intended objectives.

**Resolution** – A special or temporary order of a legislative body that requires less legal formality than an ordinance or statute.

**Retained Earnings** – The cumulative annual net income or loss of an Enterprise fund's operations since the inception of the fund which are retained for future operation or needs.

**Receipts** – Collections from the public based on a government's exercise of its sovereign powers. Governmental receipts consist of receipts from taxes, court fines, gifts and contributions, and compulsory licenses.

**Restricted Fund Balance** – Portion of net resources with imposed limitations set by either (a) creditors, grantors, contributors, or the laws and regulations of other governments, or (b) laws through constitutional provisions or enabling legislation.

**Revenue** – Income received by the City to support its program of services to the community. It includes sources such as property taxes, admission fees, service charges, Federal and State grants, and parking fines to name just a few.

**Revenue Anticipation Notes** – Notes (sometimes called warrants) issued in anticipation of collection of non-tax revenues, retired after the collection of such revenues.

**Revenue Bonds** – The type of bonds where principal and interest payments are payable exclusively from the earnings from an enterprise funds. In addition to a pledge of revenues, such bonds sometimes contain mortgages on enterprise fund property.

**RFP** – Request for Proposals, Federal mandate to request proposals from potential contractors for outsourced government services.

**Short-Term Debt** – Debt or obligations of the City due within one year or less.

GLOSSARY  
FISCAL YEAR 2014/2015

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**Special Assessment** – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

**Special Revenue Grant Fund** – This fund was created to account for operating grant revenues from various agencies – federal, state, and local.

**State & County Shared Taxes** – Taxes levied by one government but shared on a predetermined basis with another government.

**Stormwater Management Fund** - This fund is used to account for the activities resulting from storm water run-off and management of infrastructure for the City's wastewater systems.

**Tax Base** – All forms of wealth under the City's jurisdiction that are taxable.

**Tax Rate** – The amount levied for every \$100 of assessed property value, as determined by the Maryland State Assessment Department on both real and personal property within the Hagerstown City limits. Beginning 10/1/2000 the assessable base for real property was increased from 40% to 100% of estimated fair market value. The real estate tax rate was reduced to 40% of the prior rate but since the assessment for personal property did not change, its rate stayed the same or 2.5 times the real property rate. Current State law requires this rate differential to be maintained for Counties and the City is following the same policy.

**Telework Center Fund** - This fund is used to account for activities related to the City's participation in the federal government's telecommunications work center pilot program. These activities are primarily funded by federal grants.

**Unassigned Fund Balance** – The portion of net resources in excess of the nonspendable, restricted, committed, and assigned balances.

**Wastewater Fund** - This fund is used to account for the activities of the City's sewage collection and treatment operations.

**Water Fund** - This fund is used to account for the activities of the City's water treatment and distribution operations.

**Workers Compensation Fund (WCF)** - The City manages its uncovered workers' compensation risks and sets aside assets for claim settlement in this Internal Service Fund. WCF services claims for risk of loss to which the City was exposed for workers' compensation injuries. All funds to which employees are assigned participate in the WCF. It allocates the cost of providing claims servicing and claims payments by charging a premium to each fund based on its exposure. This charge considers recent trends in actual claims experience of the City as a whole and makes provision for catastrophic losses.

**Working Capital** – A term used to describe the unreserved fund balance calculated by subtracting current liabilities from current assets. This is used for the City's enterprise funds.

**Zoning** – The partitioning of a city, borough, or township by ordinance into sections reserved for different land use purposes (i.e. residential, offices, manufacturing, commercial, etc.)

### **OPERATING BUDGET POLICY**

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1. The budget will be prepared, presented and administered by the City Administrator. The budget is a resource-allocation policy document for the Mayor and City Council.
2. The budget document will be prepared so that it facilitates public study and effectively communicates key economic issues and fiscal policies. The budget process will encourage public involvement.
3. By Charter, the budget must be balanced. Revenues must equal or exceed expenditures. As a general rule, current operating revenue needs to be sufficient to support current operating expenditures.
4. Debt or bond financing will not be used to finance current operating expenditures.
5. Every effort will be made to maintain existing levels of essential public services.
6. All enterprise funds will be fully self-supporting, pay their own way and provide for their own system improvement and expansion needs.
7. Each fund will budget for, and pay, their fair share of public utility and public service costs or fees. Each fund is to be treated as though it were a private customer or taxpayer to properly provide for payments between funds.
8. In addition to its annual operating budget, the City will prepare five-year budget projections, as well as, an analysis of its past financial trends to obtain a broader, more comprehensive picture of the impact of decisions involving the current year's budget or other financial plans.
9. The City will develop a program to integrate performance measurement and productivity indicators with the annual budget.
10. Whenever possible, the City will take advantage of technological improvements to improve productivity and lower costs.
11. Budget performance will be monitored and reported on throughout the year. The department managers are an integral part of the budget control process and will be responsible for their individual department's performance.
12. Prior year's fund balances are to be treated as a "rainy day" fund and are not to be used in budgeting for operating expenditures.
13. As a target, annual "pay as you go" capital expenditures, including both capital improvement program (CIP) and non-CIP, funded by current General Fund dollars shall be greater than the annual depreciation on non-infrastructure General Fund assets plus current cost of maintaining the City's streets through the annual resurfacing program. Other infrastructure assets will be funded through grants and/or debt financing.

### **REVENUE POLICY**

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1. The City will try to maintain a diversified and stable revenue system to aid in sheltering it from the impact of short-term fluctuations in any one revenue source.
2. The City will attempt to continually search for new revenue, both financial and non-financial, as a way to diversify its revenue base and help ensure a balanced budget.
3. Wherever possible, those receiving the benefits of a government or utility service will pay for what they receive in full; through current fees, charges, or other assessments. This includes the City's own utilities and other departments who are service "users".
4. The City will follow an aggressive policy of collecting the revenues which are due it.
5. Nonrecurring revenues and other financing resources will not be used to finance continuing operations. Long-term financial commitments to continuing outlays will be avoided unless sustained revenue growth is assured.
6. The City will project revenues for five years and will update the projections annually.
7. Revenue estimates will be based on reasonable expectations and be as realistic as possible, unless fund balances become insufficient to absorb occasional shortfalls, then more conservative estimates should be used.
8. The City will annually review its fees and other charges for service, property tax rates, and utilize annual incremental increases in these to ensure that the City is maintaining existing levels of essential public services.
9. Market rates and charges levied by other public and private organizations for similar services will be considered in establishing rates, fees, and charges.

## **PURCHASING POLICY**

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1. The City shall attempt to buy materials and services of high quality at a reasonable cost.
2. The City shall make sure that all purchasing actions are fair and impartial with no impropriety or appearance of impropriety. All qualified buyers and sellers shall have access to City business, and no individual or firm shall be arbitrarily excluded.
3. Every attempt will be made to secure the maximum feasible amount of competition.
4. All purchases and contracts shall be made by the City Administrator. The City Administrator may delegate the responsibility for all major construction contracts to the City Engineer and the Director of Utilities, and the responsibility for all other city purchases to the Purchasing Manager.
5. All budgeted purchase requisitions are subject to the following approvals:
  - Purchase requisitions up to \$1,000 are to be approved by the Department Manager.
  - Purchase requisitions from \$1,000 up to \$4,999 are to be approved by the Purchasing Manager.
  - Purchase requisitions from \$5,000 up to \$9,999 are to be approved by the Finance Director.
  - Purchase requisitions from \$10,000 up to \$24,999 are to be approved by the City Administrator.
  - Purchase requisitions over \$25,000 are to be approved by the Mayor and Council.If budgeted funds are not available, the Director of Finance shall be contacted to locate a source of funds prior to any purchase occurring.
6. Purchases of \$1000 and under may be made using the Purchasing Card (PCard) Program.
7. Purchases of \$30 and under may be made through petty cash.
8. The City shall maintain a yearly open purchase order system (\$200 maximum per transaction) to cover purchases from specified vendors who supply the City with a high volume of the same or similar goods or services during the course of a year.
9. The City of Hagerstown Purchasing Manual shall cover all detailed City purchasing policies and procedures and is available from the Purchasing Department.

## **INVESTMENT POLICY**

---

1. This policy establishes guidelines for the investing of the financial assets for the City, except as specifically excluded by the Mayor and Council or restrictive covenants. Assets held in trust and agency funds (Pension plans and OPEB plans) are exempt from this policy and are covered under separate policies, procedures, and committees.
2. All investments shall conform to the laws of the State of Maryland. Funds are to be managed in such a way that income earned will be maximized and the portfolio capital is preserved, while simultaneously planning for cash flow and budgetary needs.
3. Although the City Administrator must approve each City investment, the Director of Finance and the designated Investment Officer have the authority to develop and maintain written administrative procedures consistent with the Investment Policy.
4. All investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.
5. Internal controls are established by the Director of Finance to prevent loss of funds due to human and market miscalculations.
6. The City's priorities for investment and management of public funds are: Safety of principal, Liquidity, and Return on investments.
7. The Policy designates allowable types of investment instruments with limitations on amounts invested in any one institution. The investment of funds is also restricted by maturity terms.
8. The policy outlines criteria to rate financial institutions to qualify as eligible for City investment purposes. The criteria consider the following items for each financial institution: total assets, core capital-to-total assets ratio, nationally recognized financial statistical rating, and charter.
9. An Investment Committee, consisting of the City Administrator, Director of Finance, and Budget and/or Investment Officer has been established to develop general direction and guidance for the City's investment activities.
10. The detailed investment policies, which have been approved by the Mayor and Council, are available from the City Administrator.

## **DEBT POLICY**

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1. The City will limit its long-term borrowing to Capital Improvements or projects that cannot be financed on a “pay-as-you-go” basis within a reasonable period of time from current revenues.
2. The City will not use long-term debt to fund current operating costs.
3. Capital Projects financed through the issuance of bonds shall not be financed for longer than the expected useful life of the project.
4. Interest, operating and maintenance expenses will be capitalized only for enterprise or utility fund facilities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
5. The City will make its best effort to keep the average maturity of general obligation bonds at or below 20 years.
6. Total debt service for general long-term debt will not exceed 10% of total operating revenues.
7. Enterprise or Utility fund related debt service will be self liquidating or supported by the revenues of the utility itself. Given the City’s historical low level of general long-term debt outstanding, general obligation debt has been used by the utility funds to lower their interest borrowing costs.
8. Total general obligation debt will not exceed 10% of the assessed valuation of taxable property or \$1,000 per capita.
9. The City will avoid the use of short-term tax anticipation or other short term debt for non-capital purposes except when necessitated by cash flow or other “emergency” situations. Any bond anticipation debt will be retired within 6 months after completion of the project it financed. Continual rollover of short term debt without principal pay down will be avoided.
10. The City will maintain good communications with the bond rating agencies about its financial condition and will follow a policy of full and open disclosure on every financial report and bond prospectus.

## **CAPITAL IMPROVEMENTS PROGRAM**

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1. The City will prepare and adopt a five-year Capital Improvement Program which will detail each capital project, the estimated project cost, description and funding source. The overall goal of the Capital Improvements Plan is to order the City’s fiscal expenditures while coordinating public investment with adopted plans and policies to properly manage the City’s long term investments. To that end, the program is expected to:
  - increase opportunities to obtain funding from outside sources, such as the state and federal government;
  - assist in the planning, budgeting and coordinating the operation and capital efforts of the various City Departments;
  - provide a rational basis by having supporting public capital commitments; and
  - result in a more favorable bond rating by giving evidence of effective management.
2. Operating expenditures will be programmed to include the cost of implementing the approved Capital Improvement Program and providing all manpower, operating costs and capital outlay require by it.
3. All capital projects must be justified on the basis of providing a basic service, improving or rehabilitating deteriorated facilities, reducing costs, promoting jobs or benefiting a large population segment or a target area of the City. They must also be compatible with other planned projects and overall City development plans.
4. All projects are to be prioritized according to the following criteria levels:
  - FIRST - clear and present danger to the public; or contractual obligation; or written commitment of grant funding.
  - SECOND - documented cost savings; or probable grant commitments; or other justified need.
  - THIRD - future cost avoidance; or planned improvements; or significant improvement of service.
5. Appropriations for all Capital Improvement Projects are approved on an annual basis only. All uncompleted projects must be reconsidered annually to determine if unspent funds need to be recommitted to a given project or reallocated to other planned projects.

### **ENTERPRISE FUND DIVIDEND TRANSFER POLICY**

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1. As part of its year end annual financial evaluation process, the City will consider whether it is appropriate and prudent to transfer a portion of the unused retained earnings from an Enterprise Fund to the CIP Fund assigned fund balance. Uses of the fund will include non-recurring capital expenditures for city neighborhoods, downtown redevelopment, economic development projects, park improvements, and special one-time projects.
2. This transfer payment cannot be considered a normal cost of Enterprise Fund operations recoverable through the rate base. Rather, it is to be paid out of the annual net profits of the prior year just as a private investor owned utility would pay their shareholders a dividend from these sources.
3. The following controls will be utilized to ensure that the payment of dividends by an Enterprise Fund does not jeopardize the financial health of the fund.
  - On an annual basis after the prior fiscal year end audited financial statements are presented, an updated financial projection analysis of the Enterprise Funds will be done. The analysis will include all expected sources and uses of funds for the current year as well as funding approved through the current approved budget.
  - Adequate funds within the Enterprise Funds must be provided for debt interest, principal repayments and any debt coverage requirements. A minimum working capital reserve level equal to two months of operating costs must be maintained at all times. Operating cost is defined as total operating expenses less depreciation and interest expense. Additionally, for those Enterprise Funds utilizing a 3R Reserve, 1% of the cost of replacement of the total asset must be maintained in a restricted cash account.
  - Capital expenditures on average during the six year projection period must be at a level at least equal to the average depreciation expense during the projection period. (This control is intended to prevent under funding replacement capital expenditures to allow for dividend transfers).
  - Payment will be made after reviewing the prior year's audited financial statements, and preparation of an updated financial projection analysis for an Enterprise Fund.
  - Mayor and Council shall act on staff recommendation and declare dividend if appropriate and in compliance with this policy through an approval of a Motion.
4. These needs must be anticipated and adequately provided for in the Enterprise Funds.

### **WORKERS COMPENSATION RISK MANAGEMENT REPLENISHMENT POLICY**

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In the event that accumulated expenses (claims, premiums, claims administration, or other costs) or losses were to result in a significant shortfall or depletion of a given fund's equity in the Workers Compensation Risk Management Fund, reimbursement to the fund would be made on the following basis:

1. Assuming a shortfall of less than \$50,000, the reimbursement will be immediate.
2. Assuming a shortfall between \$50,000 and \$250,000, then the reimbursement will be at a minimum rate of \$50,000 per year over no more than five years.
3. If the shortfall exceeds \$250,000, the reimbursement should be financed to reimburse the Workers Compensation Risk Management Fund immediately. The repayment term on the financing will not exceed fifteen years.

### **GENERAL FUND BALANCE/RETAINED EARNINGS POLICY**

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1. The City will maintain a minimum undesignated fund balance (to be used for unanticipated emergencies) of ten (10) percent of the General Operating Budget (excluding Capital Outlay). These funds will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing and assist in maintaining an investment grade bond rating.
2. If the fund balance should fall below the above minimum balance, the City will budget one (1) percent of the general fund revenue estimated for that fiscal year to get back to ten (10) percent within five (5) years.
3. The City will strive to maintain sufficient retained earnings in the utility funds to provide for their working capital needs, minor continuing system improvements, and general system improvements

### **GRANT MANAGEMENT POLICY**

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The City, through individual departments, shall actively pursue grant resource opportunities and utilize grant funds to supplement and enhance the City's goals and objectives. Grant application, approval and administration shall be

FISCAL POLICIES – APPROVED BY MAYOR & COUNCIL  
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finalized with the knowledge and participation of the Finance Department and the City Administrator's Office. Grants providing funding of City staff positions must be finalized with the knowledge and participation of the Human Resources Department. The activities of the grant and the expenditure of grant funds will be performed in accordance with the approved application and resulting agreement with the grantor and in accordance with all grant conditions.

1. The City shall generally not solicit grant funds from government and private agencies less than \$1,500.00
2. All departments may apply for any grants that contribute to the overall mission and goals of the City. Department Managers must approve all grant applications for their respective departments. Department Managers shall report accurate data and information on all applications, consistent with the City's reports, records, and operations.
3. Prior to submitting the grant application to the granting entity, Department Managers must input the application information into the Grant Master module in Munis, and attach complete scans of the grant application and any program or guides into Tyler Content Manager.
4. The Finance Department must be notified that a grant application has been entered for Finance Department review.
5. Electronically submitted grants must include the Director of Finance as an authorizing agent or person. The grantee should be listed as "City of Hagerstown", not the requesting department.
6. Prior to submission of a grant application, the Department seeking the grant must complete all necessary Human Resources Department, Finance Department, City Administrator, and Mayor & Council approvals. This approval requirement applies to both first time and ongoing grants, and will include the following:
  - The Department Manager must approve all new and ongoing grant applications of less than \$30,000 and less than \$25,000 in City matching funds. The Department must notify the Finance Department of the grant application for review prior to submission.
  - Prior to submission, the Department Manager along with both the Director of Finance and the City Administrator must approve all new grant applications between \$30,000 and \$50,000 and requiring less than \$25,000 in City matching funds, and all ongoing grants greater than \$30,000 and requiring less than \$25,000 in City matching funds. The Department Manager, Director of Finance, and City Administrator are the only personnel authorized to sign applications, agreements, contracts and grant documents on behalf of the City for grants of \$30,000 or greater.
  - Prior to submission, the Department Manager, the Director of Finance, the City Administrator and the Mayor and Council must approve all grant applications that meet any of the following conditions:
    - i. Any new grant funding the addition of a new position. Additionally, approval from the Human Resource Director is required for position additions.
    - ii. Any new grant in excess of \$50,000.
    - iii. Any new or ongoing grant requiring City matching of funds of \$25,000 or more.
    - iv. Any new or ongoing grant requiring either Mayor or Council approval of or understanding of the City's ongoing obligations to retain the grant.
7. The Department Manager shall notify the Finance Department of whether the grant has been awarded or denied and make necessary updates to the grant status in the Grant Master. Copies of the grant award notification, approved grant budget, and conditions must be scanned and attached to the Grant Master through Tyler Content Manager.
8. Upon notification from the Department originating the grant, the Finance Department will establish a new project number for the grant, and set up the appropriate budget, income, and expenditure accounts in the City's General Ledger system. The Finance Department will notify the Department of the new project and account numbers.
9. Grant financial records, supporting documentation and all other records pertinent to the grant shall be retained by the City permanently following the submission of the final report to the grantor. Copies of all applications, award letters, budget notices, award conditions, reimbursement requests, expenditures, quarterly reports, performance measures, and close out reports must be scanned and attached to the Grant Master through Tyler Content Manager.
10. Federal and State grants are subject to annual audits by the City's external auditors and must comply with certain standards. The Finance Department will prepare the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) to comply with the City's Single Audit requirements.