

WORK SESSION – April 6, 2010

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:07 p.m., Tuesday, April 6, 2010, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers W. M. Breichner, M. E. Brubaker, F. W. Easton, A. C. Haywood, L. C. Metzner; City Administrator Bruce Zimmerman, City Attorney John Urner and D. K. Spickler, City Clerk.

Long Range Transportation Plan Overview

Rodney Tissue, City Engineer, and Jim Bender, Assistant City Engineer, were present to discuss the Long Range Transportation Plan (LRTP) being updated by the Hagerstown-Eastern Panhandle Metropolitan Planning Organization (HEPMPO). The LRTP is intended to be a comprehensive evaluation of future transportation needs within the region, and to serve as a planning tool for decision makers in the member municipalities. The LRTP serves another purpose: in order for a transportation project to qualify for Federal appropriations or earmarks, the project must be identified in the LRTP. Under Federal and State requirements, the LRTP must be updated every four years.

The LRTP analyzes all modes of transportation within the region over a 25-year planning period, including automobile and truck traffic, mass transit, bicycles, and rail freight service. The HEPMPPO's engineering consultant used traffic counts, demographic information, and economic development growth projections to develop a computer model of the region's roadway network; the purpose of the model was to identify roads (or segments of roads) that are likely to have an undesirable Level of Service by the year 2035. The model also took into account roadway improvement projects that staff from the City and Washington County identified as being planned Capital Improvement Projects, and other projects likely to be constructed over the next 25 years.

The following conclusions are included in the report:

1. I-70 and I-81: The LRTP anticipates that both of these highways will be widened to six lanes throughout Washington County; however they are classified as Fiscally Unconstrained projects.
2. US 11: The LRTP contemplates widening US 11 to five lanes between Williamsport and the Washington County Regional Airport.
3. US 40/Dual Highway: The LRTP anticipates the widening of Dual Highway to six lanes between I-70 and Eastern Blvd.
4. Eastern Boulevard: The widening of this roadway to five lanes between Jefferson Blvd. and Antietam Drive is a project that is being completed by Washington County.
5. MD 65 (S. Potomac St/Sharpsburg Pike): The LRTP identifies widening the segment between Oak Ridge Drive and Wilson Boulevard of this road to four lanes.

6. Professional Court: Construction of a new bridge over Antietam Creek is considered a Fiscally Constrained project.

The LRTP also makes recommendations for additional studies that should be completed to more fully assess some of the identified transportation issues. Among them are:

1. Hagerstown Regional Interstate Congestion Study – to develop potential congestion solutions
2. Rail Crossing Study – to review safety considerations at crossings

No specific Mayor and Council action is requested. However, staff encourages the Mayor and Council to review the entire LRTP document, and to submit any questions or comments to the HEPMPO. The draft LRTP has been released for public review, and comments will be accepted until April 16, 2010.

In order to reduce traffic on roads, alternatives such as mass transit, rail and bicycle usage should be considered. Councilmember Haywood stated expanding the metro line to the west seems like a viable option.

Councilmember Brubaker indicated it would be necessary to connect to the MARC line at Martinsburg. This is a good idea, but it would require a large capital investment, as well as operating funds.

Councilmember Metzner suggested that a bus service connecting to rail service in Frederick could be more cost effective.

Councilmember Brubaker proposed submitting a statement for the record that the State of Maryland needs to carefully coordinate any improvements to US 11 and US 40 (Federal aid for highways) with both the City and County governments to minimize disruptions. The major portion of funding for the improvements should be used to improve US 40 and Interstate 81, and not disrupt the urban areas. It was the general consensus to submit the comments for the HEPMPO record.

Memorial Recreation Center Update

Loretta Lynn Wright, Executive Director, Memorial Recreation Center, Inc. (MRC) and Makia Davis, Program Director, MRC were present to discuss programs offered by MRC.

Ms. Wright indicated there are several programs offered for children ages 5 to 17 at MRC. The MRC is in need of funding for upkeep of the old building and there are no funds available to make the necessary repairs. They also need funds to create an arts program and a college review program. She asked the Mayor and Council to support the MRC in any way they can.

Councilmember Haywood stated MRC does a lot with what money they do have. The community relies on this facility for community involvement. She stated MRC needs the City's support.

Councilmember Metzner agreed and asked Staff to work with MRC to identify priorities and possible funding sources.

Councilmember Haywood suggested a partnership within the private sector. She wondered if the City could provide assistance in other ways, rather than monetarily.

Bruce Zimmerman, City Administrator, stated MRC received funding through the Community Development Block Grant program in prior years. He suggested discussing the need for lifeguards with the YMCA.

Councilmember Brubaker indicated this facility may be eligible for grant funding.

Mayor Bruchey suggested that the directors of MRC also approach the Washington County Commissioners for support also.

Request for Carnival

Robert Tracey, Jr., Vice President of Hagerstown Roundhouse Museum, Inc., was present to request permission to hold a carnival on the vacant lot at South Potomac Street and Memorial Boulevard. The Museum would use the proceeds to restore six passenger cars they have acquired.

They would like to begin setup on April 28, 2010 and have the carnival run from April 29, 2010 to May 8, 2010. All permit, license and public safety requirements will be the responsibility of the Hagerstown Roundhouse Museum.

It was the general consensus of the Mayor and City Council to allow the Hagerstown Roundhouse Museum, Inc. to hold a carnival at this location.

Residential Care Facilities Discussion

Stuart Bass, Comprehensive Planner, was present to review proposed zoning ordinance text amendments associated with "hospitals and nursing and residential care facilities" in preparation for advertisement of a public hearing for April 27, 2010.

In response to comments heard at the March 9, 2010 Mayor and City Council work session and a subsequent conversation with Councilmember Easton, staff have prepared revisions to the proposed text amendments that include the following:

1. Deletion of the "transitional residential facilities" category for up to ten residents with mental and/or physical disabilities. *(This land use type does not include multi-family housing developments where residents live in*

- separate housekeeping units and no professional care is provided.)* The category for up to three residents remains as originally proposed.
2. Deletion of the provision for “transitional residential facilities for residents under direct or indirect supervision of County, State, or Federal correctional systems.
 3. Reduction of the number of residents in a “transitional residential facility for treatment of substance abuse” from “up to ten residents” to “up to three residents.”
 4. Deletion of R4 district as one of the allowed locations (with special exception) for “transitional residential facility for treatment of substance abuse.”
 5. Addition of definitions for “assisted living facility for the elderly”, “residential facilities for in-house professional care for up to three residents with mental and/or physical disabilities,” and “transitional residential facilities with in-house professional care for up to three transitional residents being treated for substance abuse issues.”

Staff discussed increasing the separation distance requirement for “transitional residential facility for treatment of substance abuse” from 300 feet to 500 feet, but, since these facilities are now being proposed to house no more than three residents, they concluded that the originally proposed one block separation requirement seemed reasonable.

Mr. Urner left the meeting at this time.

Proposed Budget – Initial Overview

Bruce Zimmerman, City Administrator, reported the proposed budget was provided to the Mayor and Council on March 31, 2010. The total city budget is \$ 135,913,201. Per the Code of the City of Hagerstown, the Mayor and Council have the months of April and May to review and amend the proposed budget. The budget must be adopted by the end of May.

The budget is defined by the economic recession that has been impacting the entire country. The financial downturn is now creating significant problems for State and Local Government budgets. As a result, the proposed budget reflects a 12% loss in General Fund revenues from prior projections for FY 10/11. This represents a 7.0% decrease in General Fund revenues and expenditures from the current year’s approved budget.

Major highlights of the proposed budget include:

1. There is no property tax rate increase included in this budget.
2. General Fund expenditures include \$ 2.9 million in employee wage and benefit reductions including 5 unpaid work stop days, 5 unpaid furlough days, no pay step increases, and no cost of living adjustments.
3. Core operations and services have been sustained in the proposed budget, but there are limited reductions in City services.

The proposed budget maintains the City's commitment to Hagerstown. It is balanced without raising the property tax rate for taxpayers. The General Fund will continue to provide critical services and needed capital improvement projects that will enhance the quality of life for residents. The Utility Funds, Parking Fund and Community Development Block Grant Fund will also support significant capital improvements and operations in FY 10/11. During this time of financial challenges, Staff will remain committed to providing high quality services, streets, parks, parking facilities, and utilities for the public.

The City has been preparing for this situation. Beginning in December, 2007, the likely impact of the recession and State budget problems was discussed with the Mayor and Council. At the beginning of the current fiscal year, the City implemented a freeze on vacant positions, vehicle purchases, and other expenditures to better position the City for anticipated losses of future revenues. In September, 2009 the Mayor and Council directed staff to implement a current year plan to reduce expenditures to offset the August, 2009 drop in State revenue. Following earlier budget discussions, in January, 2010, the Mayor and Council authorized staff to utilize a preliminary budget plan for FY 10/11 that focused on expenditure reductions to offset the loss of \$ 4.4 million in State and County revenue in the coming year. The plan focuses on expenditure reductions in three primary areas. These include:

1. Restructured wages and benefits
2. Elimination of Capital Expenditures
3. Reduced Operating Expenditures

While good planning and preparations have been utilized to better position the City, the size of the State and County revenue reductions and the extent of the economic recession have exceed the levels that were initially anticipated two years ago. The City clearly faces the potential that the FY 11/12 General Fund revenue projections will deteriorate significantly beyond the revenue losses projected for FY 10/11. This concern is primarily due to the impact of the December, 2010 triennial reassessment on the property tax revenue.

Councilmember Haywood would like to see funding for the CSafe program remain in the budget. Mr. Zimmerman indicated the Mayor and Council have to determine what their priorities area and decide how programs and services fit in with the priorities. Councilmember Easton stated the items on the budget plan discussed in December were already accepted by a majority of the Council. His understanding is that future budget reviews would include changes beyond the original list.

Councilmember Haywood stated the Mayor and Council need to consider the social relevance of funding. There is a certain amount of social capital that exists because of the City's contributions to CSafe. She believes the City's social priorities should include underprivileged children.

The proposed budget includes a 20% reduction in the Public Functions budget. These reductions were possible by limiting the use of City support for functions. Also included are reductions to other agencies.

There are expenditure adjustments used to balance the FY 10/11 General Fund Budget which cannot be relied on as on-going annual reductions. As an example, General Fund support for the Capital Improvement Program has generally been approximately \$ 1.2 million on an annual basis. In FY 10/11 this funding has been reduced to \$ 522,000, which is an insufficient funding level to meet the infrastructure and equipment needs in coming years. Another example are the five work stop and five furlough days reflected in the proposed budget. The City cannot expect employees to take this form of pay cut each year. Vehicle purchases have been eliminated in the current and next year's budget. This can also not continue as an ongoing budget balancing adjustment.

In light of this situation and the need to reach a more sustainable financial condition, the City needs to consider and ultimately reach decisions on the following:

1. Restructure City operations through streamlining and consolidation of City departments and functions
2. Eliminate staff positions through a combination of attrition, employee retirements, and very likely employee layoffs
3. Unpaid work stop and furlough days or wage and benefit reductions over the long term cannot be relied on to balance the budget
4. Strong consideration to reductions in service and program levels in the future – The ongoing loss of 12-20% of General Fund revenue cannot sustain current programs and services.
5. Funding needs for capital improvements – The City does not want the condition of streets, parks, buildings, and vehicles to decline to the point that they seriously impact quality of life for residents and the City's ability to deliver desired services.
6. Impact of the recession on utility finances--the decline in development activity has severely impacted revenues in water, wastewater and City Light operations.
7. The potential of a higher property tax rate in Hagerstown increases the longer the impact of the recession weakens the City's finances. Focus will need to be on strengthening revenues in some way because the level of reduced expenditures in the FY 10/11 budget cannot be sustained.
8. Growth and development in the form of property annexation, new construction, business investment, job creation, and neighborhood revitalization are all critical to returning City finances, operations, and services to more stable condition.

Difficult decisions are ahead for the Mayor and Council and City staff. These decisions will impact staff, services, and community agencies which are all of value to the City. For the future, City leaders will need a balanced and well reasoned approach which considers goals and priorities for the community and employees.

State Highway User Revenue may be limited in coming years. Councilmember Brubaker suggested looking into the State maintaining the State roads within the City

limits if this funding is eliminated. Mr. Zimmerman expressed his concern that funding needs to be provided for maintenance of streets. The amount included in this year's budget is half of what it was in previous years.

Councilmember Metzner asked that information be provided showing the effect of the combined City/County tax rates for residents because of the change in the tax set-off from the County and how the City's rate compares to other municipalities. He stated what was considered as a County contribution was actually a transfer of money paid to the County from City taxpayers. Mr. Martin pointed out the County has not finalized the amount of the change or taken final action on the proposed change at this point in time. The proposed budget was prepared using the numbers that were provided from the County to date.

Mayor Bruchey expressed concern about a proposed change in the prescription coverage for retirees. These participants already live on a fixed income and may not be able to afford additional premiums. Mr. Martin pointed out people in this group would be eligible for Medicare coverage.

Mr. Zimmerman suggested scheduling time during the April 13, 2010 meeting to discuss the budget, after the Mayor and Council have had more time to review the proposed budget. They could focus on whether or not they agree with agency reductions and other items on the budget plan list.

Councilmember Metzner stated he could not support decreasing funding for programs such as CSafe and funding the federal lobbyist. He suggested discussing ending the contract with The Ferguson Group, due to budget constraints.

Councilmember Haywood asked how this can be done when the list of projects is working its way through the legislative process. She thinks the investment of \$ 100,000 for \$ 1 million is a good return.

Councilmember Metzner stated he is not sure these are items the City would have independently funded. He felt there was support to not fund the lobbyist in FY 10/11. Councilmember Brubaker stated he thought they were going to measure the outcome and reduce the funding accordingly.

Councilmember Brubaker suggested reviewing the budget by grouping related topics and departments together and determine how the proposed budget impacts them. He would like to have a more detailed discussion about revenues.

Mayor Bruchey suggested scheduling a budget session from 4:00 p.m. to 6:30 p.m. on April 27, 2010, which would be prior to the regular session. Time could be scheduled during other work sessions also. He stated a number of the items on the budget plan list are union contract items.

Mr. Zimmerman stated he believes there will be more budget sessions throughout the year than in the past because of the economic situation. If union negotiations are not completed, the Mayor and Council will have to decide what assumptions to make in order to approve a balanced budget.

Mr. Martin pointed out that all funds have been impacted by the economic downturn. There are balanced plans for all the funds with no significant increases proposed (beyond established increases).

Councilmember Easton stated he is supportive of the list of 27 reductions that were presented to the Mayor and Council earlier and with the proposed budget. There have been several approaches for review presented. He understood that Council members accepted the list earlier.

Mayor Bruchey had previously expressed concern about the changes proposed to the prescription coverage for retirees.

Councilmember Haywood thinks review of the budget should be “looking at the big picture” and not at the short list of proposals.

Councilmember Metzner stated, as a body, the Council is committed to not raising taxes. If something is changed with the amounts in the list, an alternative needs to be presented to cover the change.

Mayor Bruchey suggested scheduling two hours of time during the next work session to discuss the budget.

Councilmember Metzner stated he is ready to end the contract with The Ferguson Group immediately. Councilmember Easton stated he doesn't understand why this was approved just a few months ago and is now being ended. Mr. Zimmerman indicated ending the contracting was on the list in December, but after the Mayor and Council's discussion in January, it was deleted from the list. Councilmember Haywood expressed concern about discussing something that is not on the list of items in the budget plan. Councilmember Metzner stated this was to be discussed during the budget review.

Councilmember Metzner stated the funding for The Ferguson Group included in the budget through June 30, 2010 could be used for another purpose if the contract is ended May 1, 2010.

Mayor Bruchey suggested discussing this further on April 13, 2010. A list of agency contributions will be discussed also.

Mr. Zimmerman stated it is important that the Mayor and Council members know what is in the capital list. This will be added to the discussion for the next work session.

Councilmember Haywood stated she doesn't think the contract should be terminated with The Ferguson Group and that staff was given direction to continue working with them in September. Mayor Bruchey stated the Mayor and Council supported a preliminary plan with a focus on the list of 27 items. All the items can (and may need to be) adjusted as the process continues. Decisions will be difficult but the Mayor and Council must do what is best for the citizens.

Discussion concerning the budget will continue at future meetings. A Public Hearing is scheduled for May 11, 2010 at 7:00 p.m. to discuss the budget and the tax rate for July 1, 2010 through June 30, 2010.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, indicated the agenda for next week's meeting will include a series of rental licensing amendments for consideration. The yard waste pick up program resumed today. The Hagerstown Suns season opens at home on April 8, 2010.

MAYOR AND COUNCIL COMMENTS

Councilmember F. W. Easton thanked Mr. Zimmerman and department managers for their work on the proposed budget. He asked if a discussion has been scheduled for a Council of Governments. Councilmember Breichner indicated there was a meeting held last week and plans are moving forward. No structure has been established at this time. He encouraged everyone to attend the Hagerstown Suns games this season.

Councilmember A. C. Haywood stated she does not think budget discussions should be held without having a discussion about a strategic plan. She expressed concern that a strategic plan has not been discussed. The proposed budget does not reflect the City's long range plans. She encouraged people to attend the Barbara Ingram School for the Arts inaugural production of Thoroughly Modern Millie this weekend.

Councilmember L. C. Metzner stated Thoroughly Modern Millie should be an excellent show.

Councilmember W. M. Breichner encouraged people to support the greenhouse at the Technical High School.

Councilmember M. E. Brubaker thanked staff for being proactive throughout the year. He realizes that furloughs and work stop days cannot be used year after year to balance a budget. He is very concerned about the triennial assessment that will be occurring in December, 2010.

Mayor R. E. Bruchey, II will be throwing out the first pitch at the Suns game on April 8, 2010. He expressed condolences to the family of retired City employee Doris Bayer Royer. Ms. Royer was a clerk at the police department. He asked that Council members

who have not completed their Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to do so. A discussion about a strategic plan will be scheduled after all analyses are submitted.

There being no further business to come before the Mayor and City Council, on a motion duly made, seconded and passed, the meeting was adjourned at 6:39 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: May 25, 2010