

WORK SESSION – April 21, 2009

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:11 p.m., Tuesday, April 21, 2009, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers M. E. Brubaker, K. S. Cromer, L. C. Metzner, P. M. Nigh and A. Parson-McBean; City Administrator Bruce Zimmerman, City Attorney William Nairn and D. K. Spickler, City Clerk.

Preliminary Agenda Review

**Consent Agenda**

- A. Public Works: Replacement for Gate Entry System at N. Potomac Street Deck – Control Systems Incorporated (West Hartford, CT) \$ 101,678.00

Councilmember Brubaker asked for more information regarding the performance of the existing equipment. Councilmember Metzner asked if this system will be a pay in advance system. Eric Deike, Public Works Manager, indicated this system will be similar to the existing system, with attendants and two entrances. He stated there has been some confusion with the operation of the A & E Deck entry system. An attendant may be stationed at the A & E Deck also.

- B. Water and Wastewater Department:
1. Oxygen Equipment – System Upgrades – Mixing & Mass Transfer Technologies LLC (M2T) (Peekskill, NY) \$ 99,580.00
  2. Maintenance Agreements for Compressors and Dryers – Atlas Copco Compressors LLC (Reading, PA) \$ 28,470.00
  3. Water Meters and Transceiver Units – L/B Water Service, Inc. (Chambersburg, PA) \$ 71,757.80
  4. Water Inventory Items – HD Supply Waterworks, LTD (Martinsburg, WV) \$ 16,192.82
  5. Large Water Meters – HD Supply Waterworks, LTD (Martinsburg, WV) \$ 19,815.00
  6. Turbidimeters and Cables – Hach Company (Loveland, CO) \$ 27,022.80
  7. Check Valve – Gardner, O'Connor, Inc. (Pasadena, MD) \$ 14,533.00
- C. Police Department: 2009 Dodge Charger Police Sedans – Hetrick Fleet Services (Denton, MD) \$ 123,408.00

Councilmember Parson-McBean remembered the Police Department had not been satisfied with the Dodge cruiser package. Chief Smith indicated Ford cruisers were purchased last year but Dodge repaired the problems and upgraded their cruiser package. The Dodge vehicles provide better gas mileage and have a lower purchase price. Chief

Smith indicated these cruisers will be purchased from next year's budget but the order has to be placed now for this year's model. Mayor Bruchey asked how many marked vehicles are in the police department fleet. Chief Smith stated the number changes each day because of unexpected repairs. Councilmember Nigh asked if there was a way to provide a vehicle for the fire police.

It was the general consensus to approve the purchase of the cruisers.

**Approval of Resolution: Lease Agreement for the Rhubarb House, 12 Public Square**

The Community Development Department requests that the Mayor and Council approve a lease for John D. Ralston and Shellie C. Ralston (Rhubarb House) located at Number 12, Public Square.

Councilmember Parson-McBean asked if this lease has been discussed. Bruce Zimmerman, City Administrator, stated the Rhubarb House is an existing tenant. The current lease expired on February 28, 2009. The new lease includes a one year term through February 28, 2010, with five (5) additional one year extensions. The Rhubarb House is a good tenant for downtown. This lease is similar to those with tenants in the Elizabeth Hager Center.

This completed the preliminary agenda review

Rain Insurance – 2009 Western Maryland Blues Fest

Karen Giffin, Director of Community Affairs, and Carl Disque, Chairman of the Western Maryland Blues Fest, discussed rain insurance for the 2009 Blues Fest.

The rain insurance policy for Friday, May 29, 2009 is for \$ 15,000 and will cost \$ 2,190. The policy will cover the hours of 3 p.m. to 8 p.m. (5 hours) and it must rain ¼" or more in order to collect on the policy. The policy must be purchased by May 20, 2009. Five percent of the \$ 15,000 will go to the Washington County Arts Council for their risk of the beer and wine sales.

The rain insurance policy for Saturday, May 31, 2009 is for \$ 60,000 and would cover the hours of 11 a.m. to 6 p.m. (7 hours). It must rain ¼" or more in order to collect on the policy. The cost would be \$ 10,620. The policy must be purchased by May 20, 2009. Five percent of the rain insurance proceeds would go to the Washington County Arts Council for their risk of the beer and wine sales.

The total cost of the insurance would be \$ 11,715. Of this amount \$ 10,000 would come out of the Blues Fest budget and \$ 1,715 would come from Blues Fest Public Functions Budget.

The Executive Committee recommends purchasing this rain insurance.

Mr. Disque indicated other carriers may be able to provide a lower price. The \$ 11,715 amount will be the highest amount. If the other carriers provide comparable coverage, the committee will select one of those.

It was the general consensus to approve the purchase of rain insurance.

Ms. Giffin reminded everyone that the Arbor Day recognition will be held at Fairgrounds Park on April 24, 2009.

Amendments to 2008 Comprehensive Plan, H.B. 1141's Requirements for a Growth Element and a Water Resources Element

Kathleen Maher, Planning Director, stated a public hearing was held on March 25, 2009 on the amendments to the 2008 Comprehensive Plan to comply with the new State requirements (via H.B. 1141) for a Growth Element and a Water Resources Element.

The deadline for compliance is October 1, 2009. As noted previously, the mandatory stormwater management element will come later following completion of the County's Water Resources Element study. The City and a couple of the other towns are participating on that study with the County.)

No additional comments were received. The resolution is scheduled for adoption at the Regular Meeting on April 28, 2009.

It was the general consensus to include approval of the amendments on the April 28, 2009 agenda.

Initial Budget Overview

Bruce Zimmerman, City Administrator, and Alfred Martin, Finance Director, provided information about the 2009/10 budget. Mr. Zimmerman stated there is a 1.8% increase over current budgeted expenditures in the General Fund. There is no increase in City tax rates and the existing 5% CAP on assessments for owner occupied properties is maintained. Staffing level remains at 486 full time positions. This number reflects the transfer of 11 police dispatch positions to the County and the addition of 2 grant funded positions. There are no other new positions. The only increase in wages are the steps in accordance with existing pay plans. There is no COLA increase included in the budget. There is a \$ 376,341 savings in General Fun expenditures from the transfer of police dispatch into a consolidated Countywide 911 Center. The Cost of Service Study report for utility rates is to be received this summer from City rate consultants. Preliminary increases of 11.5% for Water and 12.75% for Waste Water are proposed to take effect October 1, 2009. The budget maintains the current service levels.

Staff budget strategies include:

1. Steady property tax rates

2. Conservative budget management
3. Growth and economic development
4. Utility system infrastructure improvements
5. Living within our means

Staff suggests looking for different sources of revenue in future years. The City's property tax rates should not be increased next year or in the following years to fund General Fund expenditures.

This budget continues the practice of conservative fiscal management and reflects the following:

1. Debt service has been managed well within accepted industry standards.
2. Generated \$ 172,241 in expenditure savings in health insurance costs and a \$ 376,341 reduction in police emergency communications costs.
3. In 2007 and 2008, received \$ 17.2 million in Federal and State grant revenue to support city operations and capital improvements, thereby lessening the burden on local revenue sources.
4. Utility rates remain competitively low in the region.
5. Shifted General Fund projections from an expenditure driven model to a revenue based approach that better reinforces living within our means.
6. The adoption of the Annexation Policy in 2002 strengthened the finances through capturing the City's share of growth and development and has provided new revenue to help support City operations while avoiding property tax rate increases.
7. With the exception of increased staffing for police, fire, code enforcement, and wastewater operations, the City now budgets the same number of staff positions for all other remaining City operations as in FY 1993/94.
8. For many years, the Departments have managed their annual budgets to produce a year-end General Fund surplus.
9. We have maintained an appropriate level of General Fund cash reserves to sustain City operations in the event of an unanticipated emergency or financial crisis.

Hagerstown depends on growth and development to avoid property tax rate increases and fund the City's operations. In recent years, Hagerstown has undertaken an aggressive program of capital improvements in our utility systems. The utilities budgets reflect the ongoing commitment to ensuring the utilities serve customers well into the future and environmental and public health standards are met.

Mr. Martin stated due to the current economic situation, the City is doing more with less. Mr. Zimmerman mentioned there is strong growth reflected in this year's budget because of the tri-annual assessment.

The budget will be discussed at future work sessions. The Budget Public Hearing is scheduled for Tuesday, May 5, 2009 at 7:00 p.m. The budget ordinance needs to be adopted by the end of May in order to be effective as of July 1, 2009.

#### City Bond Financing Status Update

Alfred Martin, Finance Director, stated, as discussed last fall, the City needs to move forward with the planned City bond issue of \$ 19 million. The enabling bond ordinance has been introduced and passed. The actual sale of the bonds was delayed due to a significant amount of uncertainty in the credit markets including the municipal bond market. That uncertainty is clearing and the markets have stabilized.

Mr. Martin indicated the City is already under contract or committed for the majority of the projects approved in the bond ordinance. To ensure the city has the necessary funds to complete these projects, staff would like to move forward with the actual bond financing and to complete the sale prior to June 30, 2009.

Staff would like Mayor and Council permission to move forward with the bond sale process with the financial advisor and bond counsel. Prior to actually selling the bonds, a detailed bond resolution would be presented to the Mayor and Council. Staff hopes to have the resolution approved at the May Regular Session to enable completing the bond sale in mid-June and close by the end of June.

It was the general consensus of the Mayor and City Council to move forward with the bond issue.

#### CITY ADMINISTRATOR'S COMMENTS

*Bruce Zimmerman, City Administrator*, reminded everyone that the butterflies in the Barbara Ingram School for the Arts Take Flight program will be unveiled on Friday, April 24, 2009, beginning at 4:30 p.m.

#### MAYOR AND COUNCIL COMMENTS

*Councilmember A. Parson-McBean* advised Mr. Gordon to stop making assumptions and comments about her.

*Councilmember M. E. Brubaker* had no additional comments.

*Councilmember K. S. Cromer* had no additional comments.

*Councilmember L. C. Metzner* attended the library luncheon today. The library expansion project is still moving forward. Councilmember Brubaker thanked Senator Don Munson and Delegate John Donoghue for their hard work for the City.

*Councilmember P. M. Nigh* stated there needs to always be an emergency room in Hagerstown. Urgent care facilities provide a service, but those without insurance need a place to receive medical treatment. She suggested that someone contact the Veteran's Administration to see if they have any ideas for placing an emergency room in Hagerstown.

*Mayor R. E. Bruchey, II* had no additional comments.

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 5:24 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: May 26, 2009