

BUDGET WORK SESSION – May 1, 2010

Councilmember L. C. Metzner called this Budget Work Session of the Mayor and City Council to order at 9:00 a.m., Saturday, May 1, 2010, in the Council Chamber at City Hall. Present with the Councilmember Metzner were Councilmembers W. M. Breichner, M. E. Brubaker, F. Easton, A. C. Haywood; City Administrator Bruce Zimmerman, and City Attorney Mark Boyer. Mayor R. E. Bruchey, II was not present.

Mark Boyer, City Attorney, was present to answer any questions about the Mayor and Council's ability to participate in the discussion of retiree health care. There were no questions about this particular issue. Councilmember Brubaker does have concerns about other issues that may arise in the future. These will be discussed as they occur. Mr. Boyer left the meeting.

Councilmember Metzner turned the discussion over to staff. Alfred Martin, Director of Finance, presented the most recent budget modifications as of the meeting on April 27, 2010. The additional revenue from the NTELOS land lease agreement at the Fairgrounds of \$ 9,000 to the General Funds was added to the proposed budget. There is a net increase of \$ 102,000 over the proposed budget.

Mr. Martin presented information from CRS, including a balance sheet, income statement and a needs statement. It has been confirmed that CRS receives other money for their operations. The budget for next year is still being developed. Their equity has been steadily increasing.

Bruce Zimmerman, City Administrator, stated the proposed budget includes a reduction in funding to CRS, from \$ 75,000 to \$ 50,000. CRS provides an excellent service and is doing a good job with financial management. As stated before, CRS will be receiving an additional \$ 300,000. This amount will be used to assist in funding a 24 hour operation in the west end.

Councilmember Haywood relayed information from Terry Trovinger, President, regarding the investments that CRS has. Each month the expenses are approximately \$ 200,000. The investment provides a limited cushion in case of an emergency.

It was the general consensus to include \$ 50,000 to CRS in the proposed budget.

The C-Safe After School Program was then discussed. Carolyn Brooks, Executive Director, and Chief Arthur Smith, were present also. Ms. Brooks reported programs are located at Bester Elementary, Eastern Elementary, Fountaindale Elementary, Winter Street Elementary, and Memorial Recreation Center/Parkside. Current enrollment at all five sites is 108 students. The program provides a safe place for students to be between the hours of 3:00 p.m. to 7:00 p.m. They are assisted with homework, enrichment services and community activities. The program lasts for 33 weeks. Three full time staff are on site at each location. The programs are also supported by many volunteers. Ms.

Brooks indicated if there is a reduction in their funding from the City, some of the sites may have to be eliminated.

Councilmember Easton wondered if the program could be a separate group and become a 501 C3 organization. Fundraisers could then be held. Ms. Brooks stated the program may then become ineligible for grants and other funding.

Ms. Brooks indicated the Board of Education has provided the locations for the program. This is considered an in-kind service.

Councilmember Breichner suggested that \$ 50,000 be included in the budget for the C-Safe program. Councilmember Haywood pointed out that this program provides an opportunity for parents to work because they know their children are safe. Councilmember Breichner stated he would support funding at the full \$ 62,000 for the program; however, next year's budget will be more difficult and discussions should be started to determine how to address the shortfalls.

Councilmember Haywood asked if another structure for the program would be possible so that more funding can be secured. Councilmember Easton stated this needs to be discussed and the organizations funded by the City have to realize that revenue continues to decline.

Councilmember Brubaker stated this program provides educational and socialization opportunities for the participations. He recommended that funding be set at \$ 55,000.

Councilmember Haywood suggested collaboration between the police department and the C-Safe program. Chief Smith stated this will be discussed.

It was the general consensus to fund C-Safe in the FY 2011 budget in the amount of \$ 55,000.

Councilmember Metzner asked if anyone needs other information for the Home Store. Mr. Martin clarified that the amount in the current year budget is \$ 170,000. The proposed budget does not include any funding for either the Home Store or HNBP. Mr. Zimmerman stated staff sees more delivery service from the Home Store than from HNBP. He stated staff has discussed linking the funding for these City services to a performance based funding. In this instance it would be based on the number of homes sold and the services that are increased. Staff would support including some funding for the Home Store.

Councilmember Haywood asked for clarification of an email that was sent yesterday. Larry Bayer, Community Development Manager, stated the comparison in the email was not a good one. It compared counseling services to rehab services, which are much more costly.

Councilmember Easton asked who refers homeowners to the Home Store. It is usually the lender and the realtor making the referral.

Councilmember Haywood asked for an estimate of the administrative costs per home for the program. Mr. Bayer would have to research the last three to four years because of the slow down in the economy.

Councilmember Easton asked if the City is the only funding for the Home Store. Mr. Bayer indicated the Home Store receives money from other sources.

Councilmember Easton asked questions about the purpose of each group. Mr. Zimmerman and Mr. Martin provided a history of each. Councilmember Breichner indicated the HNBP project was not successful due to a number of unforeseen circumstances.

It was the general consensus to fund the Home Store in the amount of up to \$ 50,000, under a payment plan that is different than the existing plan. By consensus, HNBP would not be included in the budget for FY 2011.

Councilmember Easton expressed concern that HNBP has not completed a project. Councilmember Haywood is concerned that investments were made without having a firm grip on the strategies for the City's core neighborhoods. She hopes that the expertise within the HNBP can be utilized in the future.

Councilmember Haywood asked if there is any interest in increasing funding for the Character Counts program. Councilmember Easton recommended not funding the program, because the City is the only funding source left for Character Counts. Chief Smith indicated that a program will be funded by the Board of Education next year that will address the issues. It was the general consensus to not fund Character Counts in the proposed budget.

Councilmember Easton asked if the Mayor and Council if the list of 27 items that has been presented is acceptable to the Mayor and Council. Councilmember Brubaker supported the list, if the department reviews are completed.

Councilmember Brubaker asked how the overtime reduction in the list will be completed. Chief Smith indicated the police department is looking at different approaches for coverage when necessary. They are trying to increase flexibility so that schedules can be changed to reduce the overtime.

It was the consensus to support the list, as presented and discussed.

Councilmember Brubaker has suggested reviewing department operations during the summer months. This will allow for longer discussions, outside of the budget review. Councilmember Metzner pointed out that the Mayor and Council may approve the budget, but there will be other opportunities for reviewing the expenditure of funds.

Mr. Zimmerman asked if the Mayor and Council wished to include a discussion of the strategic plan on May 4, 2010. It was agreed to include this on the agenda.

Councilmember Brubaker indicated a number of the 27 items are contractual. He asked what contingency is available if the contracts are not approved. Mr. Zimmerman stated the alternative would be to send staff back to look at other reductions in expenditures.

Councilmember Breichner recused himself from the retiree health care discussion and left the meeting.

Donna Frazier, Director of Human Resources, presented additional information regarding options available for retiree health care. She indicated the plan includes 208 of over age 65 participants. Of this 208, 122 would not hit the Medicare donut hole. Based on last year's numbers, 86 would reach the donut hole. She also provided information from the Medicare web site showing the benefits and costs associated with mail order prescription.

Staff has proposed putting a sum aside for a catastrophic fund to assist those participants who may hit the Medicare donut hole with an additional \$ 300.00 per individual, if needed. Ms. Frazier pointed out again that many participants could benefit from subsidies that are available.

It was the general consensus to accept the proposal to proceed with the changes proposed for health insurance for city retirees over 65. It was also the general consensus to accept staff's proposal to set aside an amount for assistance if they reach the donut hole.

Councilmember Metzner pointed out that the law prohibits the current Mayor and Council from changing the compensation of sitting elected officials during their terms. He wondered how the health care benefits were adjusted in the past, given that restriction. This may be something that needs to be addressed through the state legislature to address this. Mr. Zimmerman suggested having the City Attorney address this issue.

Mr. Zimmerman and Mr. Martin thanked the Mayor and Council for their efforts with the budget during a difficult year.

Councilmember Metzner stated the proposed budget will be presented, as modified. A public hearing will be held on May 11, 2010. Introduction of the ordinance will be scheduled for May 11, 2010.

Councilmember Easton mentioned the passing of Dr. Atlee Kepler (Hagerstown Community College). Dr. Kepler will be missed in the community.

There being no further business to come before the Mayor and Council, on a motion duly made, seconded and passed, the meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Donna K. Spickler, City Clerk
(From Video)

Approved: June 22, 2010