

BUDGET WORK SESSION – May 6, 2005

Mayor William M. Breichner called this Work Session of the Mayor and City Council to order at 2:00 p.m., Friday, May 6, 2005 in the Council Chambers at the City Hall. Present was Mayor Breichner, City Council Members K. B. Aleshire, N. L. Hendershot, L. C. Metzner, C. N. Moller, P. M. Nigh, City Administrator Bruce Zimmerman, and City Clerk D. K. Spickler.

Parks and Recreation Capital Improvement Projects – Section 4

Mr. Zimmerman stated a listing of CIP projects for the Parks and Recreation Department is available on page 8, Section 4 of the Budget Book.

Junior Mason stated the stadium improvements will begin September 1, 2005, after the season is over. Both phases of the project will be completed.

Councilmember Metzner asked if this is the only line in the budget for stadium capital improvements. He expressed his concern about putting money into a stadium when he is hearing the stadium will not be there within five years, as stated in the East End Development Plan.

Mayor Breichner stated the stadium project may not be included in the East End Development Plan. Other items discussed in the Plan, such as an exhibit center and a convention center, may not be included either.

Councilmember Metzner stated he thinks the Hagerstown Suns should discuss with the Mayor and City Council the plans for the future of the stadium. He agreed with Mayor Breichner, that it is unlikely the stadium replacement will happen, but it still needs to be discussed with the Mayor and City Council. He stated until this issue is resolved, he will not vote to approve this budget.

Councilmember Metzner suggested asking for a specific discussion about the plans for Municipal Stadium.

Councilmember Nigh asked if the Suns team was still considering moving to North Carolina. Councilmember Hendershot stated they will not be moving at this time. The town considering a baseball team chose another team.

Councilmember Hendershot stated the project is being handled by the Community Development Corporation (CDC). He mentioned this may have gotten away from the City. At best, the East End Development Project is 10 to 12 years away.

Councilmember Nigh asked if the plan is being worked on by the CDC. Councilmember Hendershot stated the two groups have a number of the same members.

Councilmember Metzner stated he thought, wrongly, that the presentation about the East End Development Plan was being presented by the CDC. He stated any discussion to tear down a stadium that the City owns before discussing it with the City appears to be the methodology being used for this project.

Councilmember Hendershot agreed. He also stated he doesn't think very many people realize the plans for the relocation of the hospital include the demolition of the old hospital. He stated there is a problem when assets in the community are being torn down.

Mr. Zimmerman asked if further work on the plaza should be held off until further discussion with the Council. Councilmember Metzner stated the Mayor and City Council need to have some assurances from the folks doing the project that the time frame is accurate.

Mr. Mason stated improvements will be made at Potterfield Pool, including whitecoat repair. He stated painting and other improvements are planned for Fairgrounds Park. The Engineering Department is developing a design for a stage that would allow concerts to be held at the Park. There is money in the CIP budget for the purchase of a half pipe for the skate park.

Councilmember Hendershot suggested seriously considering improving the restroom facilities at all the parks, especially Wheaton Park. Mr. Mason indicated Wheaton Park is on the schedule for improved facilities. Councilmember Nigh asked who provides the security for Wheaton Park. Mr. Mason stated there is a full time resident caretaker and one night person.

#### General Fund – Contributions to Other Agencies

The Contributions to Other Agencies were then reviewed. There is \$ 30,000 included in the budget for support for the library and \$ 27,000 for the museum.

Mayor Breichner stated Discovery Station has asked for \$ 10,000 from the city. He stated he thinks the request meets the criteria for this category.

Councilmember Hendershot stated something more needs to be done to support Community Rescue Service (CRS). Without additional support from the City, CRS will not be able to continue operations. He stated a fire fee needs to be implemented.

Chief Gary Hawbaker stated the governor has not signed the fire fee bill at this time.

Councilmember Metzner stated he would support providing additional funding to CRS. He stated the contributions to the museum, library, the Maryland Symphony, and CASA are increasing. He stated one of the biggest issues in the election four years ago was funding of CRS. He stated the people who think that CRS should be able to support themselves as the City grows, don't understand the inherent problem. He stated the primary thing the next

administration has to do is work with staff to determine what to do with emergency services in our community. He stated annexation is a double edged sword, it increases revenue but it also increases the need for services.

Mr. Zimmerman stated the Community Based Initiatives fund provides the opportunity for the Mayor and City Council to allocate more funding for CRS.

Councilmember Metzner asked how the end of the year is looking for the capital reserves. Mr. Martin stated it is estimated there will be a surplus of \$ 50,000 to \$ 100,000 at the end of the year.

Councilmember Metzner stated many times “extra” money is given to different organizations. It appears the reserve fund is front loading the capital reserves. He stated he would rather use the \$ 30,000 that is left over to increase donations and use the amount (\$ 250,000) in the Community Based Initiatives funding to reduce the tax rate.

Mr. Zimmerman and Mr. Martin stated there is a big difference in what is being described. Mr. Martin stated the City is okay, but working capital has to be at certain levels to meeting the City’s needs.

Councilmember Nigh stated she thinks a number of the calls that CRS responds to are for people who are uninsured. Some bills are paid, but not all.

Councilmember Hendershot stated Hagerstown is the center of the County and the health care services are located here. They are close to the hospital.

Mayor Breichner reminded the Council there is a CRS substation located in Maugansville and the City pays the Maugansville Fire Company rent. He stated Councilmember Aleshire has indicated every year he is willing to help CRS but he wants to know what their plans are for the future. Mayor Breichner stated he thinks fire and emergency services need attention.

Councilmember Metzner indicated the difficulty in discussing this with the County is that they don’t see this as a major problem.

Mayor Breichner stated now is the time to start talking to the County about this issue. They are finally moving toward Central Booking but it is admittedly slow.

Councilmember Metzner stated he is satisfied with the funding the City is allocating to CRS at this point. He stated he would support using \$ 50,000 of the Community Based Initiatives fund as additional funding. He stated the emergency services issues need to be part of the annexation review process.

Councilmember Nigh indicated the City is short 19 firefighters and they are short in emergency personnel.

The Mayor and City Council then discussed the fire tax in general. The legislation that was passed is enabling legislation and the City would have to determine the rates and establish the criteria to be used.

Councilmember Metzner stated the new administration should make their number one priority the sewer allocation program. The next issue should be a discussion, including everyone involved in emergency services, of the fire tax bill.

Chief Hawbaker indicated there have been some frank discussions with CRS about the issues.

Councilmember Aleshire stated he receives many calls from citizens about the rate of increases in assessment of their property. He stated the City needs to recognize the affect the assessment is going to have on the citizens. He stated they need to let the residents know if the tax rate is going to stay the same. He doesn't think there should be on going discussions if the rate is not going to change.

Councilmember Metzner stated he thinks the Mayor and City Council should discuss the line item expenditures in the budget. He stated the first item to discuss is whether or not to reduce the tax rate.

Councilmember Aleshire stated he would like to discuss fees, the excise tax and how the water/sewer rates will impact the City.

Mayor Breichner suggested using \$ 50,000 of the Community Based Initiatives Fund to supplement the funding for CRS. He also suggested allocating \$ 10,000 of the Community Based Initiatives Fund to Discovery Station. It was the general consensus of the Mayor and City Council to accept Mayor Breichner's suggestions.

Councilmember Metzner stated he would like to discuss Councilmember Aleshire's questions about the budget. He wants to hear questions about specific items.

Mr. Zimmerman suggested discussing the tax rate. Mr. Martin indicated that reducing the rate by one penny would result in a \$ 10.00 per year decrease in taxes for a home assessed at \$ 100,000. A reduction of two cents (on a home with an assessed value of \$ 100,000) would result in a \$ 20.00 per year decrease in the taxes.

Councilmember Aleshire asked how a reduction in the tax rate would affect a homeowners bill with the increased assessment. Mr. Martin stated the increase in the assessment for Councilmember Aleshire's home would be about \$ 90.00 per year, or \$ 8.00 per month.

Councilmember Metzner stated he felt sure if he asked homeowners who are experiencing a large assessment increase if they wanted a reduced tax rate or additional funding for CRS, Discovery Station, etc., they would want both.

Councilmember Aleshire stated there are things not shown here that need to be discussed. For example, the excise tax will be a big benefit. He stated he realizes Staff has indicated this money cannot be used for operation, but the money could be moved around in the budget. He thinks the excise tax should be shown as income in this budget. He thinks the number one priority for the new administration should be to develop an Adequate Public Facilities Ordinance (APFO).

Mr. Martin stated expected revenues, such as Eastern Boulevard Improvements, are included in the budget. So far, there is no money in the bank. Mr. Zimmerman indicated the Excise Tax Bill had not been approved at the time this proposed budget was prepared.

Councilmember Aleshire indicated the water/sewer fee increase was not approved at that time but it is included in the budget. Mr. Zimmerman stated no assumptions were made. Mr. Martin indicated water/sewer rate increases typically occur in October.

Councilmember Aleshire stated he thinks the permit fees included in the budget should be increased. He thinks there will be more than 250 new water/sewer customers and the revenue from those customers should be increased. He expressed concern that only \$ 17,000 is included as income from the golf course. He is not convinced that the CDC's Baltimore Street project is going to happen. He stated he believes the operation of the City should be as efficient and lean in good years as it is in difficult years.

Mr. Zimmerman stated the Mayor and City Council need to discuss the post retirement benefit changes that are going to occur. Councilmember Metzner stated if something doesn't change, there will ultimately be a major problem.

Mr. Zimmerman indicated he wanted to highlight this issue. He stated the Mayor and City Council has had a positive impact on the general fund during their four year term.

Mr. Martin stated the cost of health care is rising, on average 12% to 18% per year. New accounting rules will require governments to record the present value of future post employment benefit costs. This is how pension costs are now recorded. The current requirement of "pay as you go" will cost the City \$ 1,300,000. The new rules will require an annual contribution of \$ 5,000,000. This amounts to a tripling of the cost. Information showing this anticipated increase is shown in the budget under Section 10. The cost is expected to be \$ 6,200,000 in FY 2009/2010 and \$ 7,200,000 in FY 2010/2011. This will have a huge impact on the City's finances.

Mr. Zimmerman indicated there is a \$ 165,000 deficit in the proposed budget right now, primarily due to a decrease in State funding for the Highway User Fund.

Councilmember Aleshire stated when the Mayor and City Council increase donations to the museum and other groups, they are really having the City taxpayers pay three times if the organization receives County and State funding.

Mr. Martin indicated the library is looking for funding to increase the security at the library.

Councilmember Nigh stated she doesn't think this is something the City should be funding. Councilmember Metzner stated having the library act as a day shelter is not appropriate and there has to be a solution.

Mr. Martin stated a security person has been added at City Hall, even though there hasn't been a big problem with homeless people here. He stated it was determined that in post 9/11 times, it was prudent to provide security for visitors and employees.

Councilmember Moller stated she knows there are many people who use the library for legitimate reasons. Mr. Martin indicated one of the great partnerships with the library is the internet service. He stated the City basically pays nothing for the internet service. Staff felt it was appropriate to increase the funding to the library.

Councilmember Hendershot asked what kind of partnership the library has with the public school system. Mr. Martin stated he doesn't think it is as close as it is with the City.

Councilmember Moller stated one of the benefits of the downtown cameras has been to increase security at the library. Councilmember Nigh stated she thinks when the City looks at emergency services; they have to look at how security is provided post 9/11.

It was the general consensus of the Mayor and City Council to increase the funding for the library.

It was the general consensus of the Mayor and City Council to increase funding for the museum also.

Councilmember Aleshire asked what is included in the line item Unspecified Agency Contributions. Mr. Martin stated this line was established for funding for organizations that is needed after the budget is adopted. Mr. Zimmerman stated they are not anticipating any requests, but there are always some made.

Councilmember Nigh asked if the Memorial Recreation Center has asked other agencies for funding. Councilmember Metzner stated Memorial Rec is under new management and doing

well.

Councilmember Metzner stated it is difficult for him to understand unspecified accounts when there are no requests for funding.

There was considerable discussion about reducing the amount for unspecified agency contributions to \$ 5,000 (a reduction of \$ 25,000).

It was stated the development fees are uncertain. It is difficult to predict how much revenue will be gained from these fees. Councilmember Metzner indicated the consent judgment won't slow down development, but plant capacity will.

Councilmember Metzner stated there were serious discussions in the 2 + 2 group about the status of the sewer system.

It was the general consensus of the Mayor and City Council to add \$ 45,000 in general fund revenue for development fees.

It was the general consensus of the Mayor and City Council to reduce the revenue from the golf course by \$ 17,000. Councilmember Moller stated the course looks much better.

Mr. Zimmerman reminded the Mayor and City Council there will not be a \$ 400,000 transfer for Community Betterment from the Light Plant this year. He stated the Community Based Initiatives line was added to help offset some of this loss. He stated in lean years, general fund money has not been used to increase services or projects for the community, like the CDC project.

The commitment to the CDC is \$ 50,000 for operations and \$ 250,000 for projects. Councilmember Hendershot asked if the City has any control over the projects that are planned. Mr. Zimmerman indicated the CDC has their own board of directors. Councilmember Aleshire stated the City has control over the funding in this budget.

Councilmember Aleshire stated the basic question about the general fund is what the tax rate will be. Councilmember Metzner stated he thinks the work session on May 10, 2005 should allow more time for budget discussions.

He suggested allowing the use of Fairgrounds Park for an emergency drill. He suggested leaving the discussion about health care status and the police and fire investment policy on the agenda for May 10, 2005. This would provide more time for budget discussions. The request from Direct Mail Processors should go to the new administration.

The Mayor and City Council agreed to revise the agenda and to start the meeting at 3:30 p.m.

Work Session  
Mayor & City Council

May 6, 2005  
Hagerstown, Maryland

Mr. Zimmerman asked the Mayor and City Council if they wished to approve the new position in Information Technology. It was the general consensus to approve the position.

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 4:15 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: May 24, 2005