

79<sup>TH</sup> SPECIAL SESSION AND WORK SESSION – May 27, 2008

WORK SESSION – May 27, 2008

Mayor R. E. Bruchey, II called this 79<sup>th</sup> Special Session and Work Session of the Mayor and City Council to order at 6:00 p.m., Tuesday, May 27, 2008, 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, and City Attorney Mark Boyer.

Residential Rental Leases

The Mayor and City Council discussed the residential leases for the properties at 728 Frederick Street and 2-A S. Cleveland Avenue, Hagerstown, Maryland. Mayor Bruchey indicated he recalled maintenance requirements for tenants at City properties had been removed from the properties last year. At that time, the Council agreed to raise the rental for the properties to market rate when the leases were presented for renewal. He believes the properties at the pool and the golf course are all ready at market rate.

Councilmember Parson-McBean indicated she thinks these two locations are already at a reasonable market rate and they should not be raised. During the discussion last year, the Council agreed to raise the rental for properties by \$ 200.00.

Councilmember Cromer does not think the leases for these properties should be raised. Councilmember Brubaker stated he favors reasonable adjustments.

Bruce Zimmerman, City Administrator, stated the Staley Park property rental was increased last year, and that was the only change made last year because it was a new lease.

It was the general consensus to not increase the rental rates for 728 Frederick Street and 2-A S. Cleveland Avenue.

Councilmember Parson-McBean suggested discussing the rental amount for the property on Mill Street. Mayor Bruchey stated that lease was approved at the May 20, 2008 meeting. The leases will be discussed prior to renewal in July, 2009.

Tax Rate

Mayor Bruchey added a discussion of the tax rate to the agenda.

Councilmember Metzner would like to discuss lowering the tax rate by one penny. His idea is to reduce the reserve fund this year in order to reduce the tax rate by one penny (approximately \$ 300,000). When there are surpluses, they go into the reserve fund. He argued that the reserve fund is not being used to balance the budget but to return reserves to citizens. He stated this would be comparable to a dividend to the

citizens. He thinks the ideas that Councilmember Brubaker presented this year could be used as a safety measure.

Councilmember Brubaker thinks Councilmember Metzner's suggestion should be discussed. Some money could be taken from the 18.4% reserve, which would give the taxpayers some dividend back to offset the increase in assessments. He thinks it is prudent to have a healthy surplus. The taxpayers have a right to expect a dividend. He suggested keeping in mind the series of proposals he made last week.

Alfred Martin, Finance Director, has not had the opportunity to do an extensive analysis of this specific proposal. He stated there are policies and guidelines in place to address the amount of reserves. He is concerned with the coming years.

He stated he would not recommend lowering the tax rate due to the uncertainties that have been discussed in previous meetings. He is concerned about the planned use of the funds and whether or not it is against the City's revenue policy. He pointed out the policy could be changed by the Mayor and City Council.

Mayor Bruchey asked what policy would have to be changed in order to declare a dividend to taxpayers. Mr. Martin stated the policy indicates the reserve cannot be used to balance the budget. Mayor Bruchey stated the budget is already balanced and this dividend would not be balancing the budget. Councilmember Metzner agreed.

The reserve fund is intended to be used for unexpected expenses that have not been budgeted for. The policy states the fund has to be maintained at a specific level and if it drops below that level, it must be replaced.

Councilmember Parson-McBean stated she would rather that the money be used to keep the City running for everyone, not just for taxpayers.

Councilmember Brubaker pointed out the proposed surplus is higher than the policy requires. He believes the City's taxpayers should receive some benefit from the higher surplus.

Councilmember Cromer asked how next year's budget would be affected if the reserve fund is used to lower the tax rate. Mr. Martin indicated the expenses and revenues in the proposed budget for 2009/2010 would have to be reviewed.

Councilmember Cromer asked what savings the average taxpayer would realize from reducing the tax rate. Mr. Martin stated reducing the rate by one penny would equal \$ 10.00 per \$ 100,000 of assessed value.

Councilmember Metzner stated his proposal is for this year only. He stated this reduction will help citizens with the uncertainties in the economy.

Councilmember Parson-McBean would support this as a one time proposal.

The Work Session was then adjourned.

79<sup>TH</sup> SPECIAL SESSION – May 27, 2008

Mayor R. E. Bruchey, II called this 79<sup>th</sup> Special Session of the Mayor and City Council to order at 7:00 p.m., Tuesday, May 27, 2008, 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 and City Attorney Mark Boyer.

**Approval of an Ordinance: Sewer Rate Increase**

**Action:** On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to approve an ordinance as introduced on May 20, 2008 to increase sewer rates by 6% for in-City customers and 7.3% for City customers outside of the City in accordance with the approved budget for 2008/2009. The increased rates shall be effective for all bills rendered on or after July 1, 2008.

**Approval of an Ordinance: Tax Rate Beginning July 1, 2008**

**Action:** Councilmember L. C. Metzner made a motion to approve an ordinance to establish the tax rates for the levy year July 1, 2008 through June 30, 2009 on the basis of \$0.788 per \$100 of the assessed value of all real property and \$1.97 per \$ 100 of the assessed value of all business personal property within the City of Hagerstown. These rates would reflect a one cent tax rate reduction from the current year and would be funded on a one time basis by revenue taken from the reserve funds of the City. Councilmember M. E. Brubaker seconded the motion.

Discussion: Councilmember Cromer has not had enough time to review this proposal and will not be voting in favor of the motion. Councilmember Brubaker would prefer the two cent recommendation he made several weeks ago by implementing his proposal to defer some projects. Councilmember Nigh stated she will be following the recommendation made by Mr. Martin. She is concerned that services may have to be reduced in order to meet the budget next year.

Motion carried, 3-2 with Councilmember K. S. Cromer and Councilmember P. M. Nigh voting No.

**Approval of an Ordinance: Budget FY 2008/2009**

**Action:** On a motion duly made by Councilmember M. E. Brubaker and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to approve an ordinance as introduced on May 20, 2008 and subsequently revised to adopt the budget for fiscal year July 1, 2008 through June 30, 2009 in the total amount of \$ 163,144,840.

Discussion: Councilmember Metzner stated this motion reaffirms the tax rate reduction and the funding for the reduction.

**Approval of a Resolution: Revising Parking System Rates and Fees**

**Action:** On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember K. S. Cromer, the Mayor and City Council unanimously agreed by voice vote to approve a resolution approving the revised schedule of parking system rates and fees, effective July 1, 2008.

**Approval of a Resolution: Approval of Residential Lease for Property Located at 728 Frederick Street**

**Action:** On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember A. Parson-McBean, the Mayor and City Council unanimously agreed by voice vote to approve a resolution to authorize the execution and delivery of a lease between the City of Hagerstown and Lewie Thomas, III for the residence located at 728 Frederick Street, Hagerstown, Maryland.

**Approval of a Resolution: Approval of Residential Lease for Property Located at 2-A S. Cleveland Avenue**

**Action:** On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember A. Parson-McBean, the Mayor and City Council unanimously agreed by voice vote to approve a resolution to authorize the execution and delivery of a lease between the City of Hagerstown and Eugene and Priscilla Taylor for the residence located at 2-A S. Cleveland Avenue, Hagerstown, Maryland.

City Administrator's Comments

*Bruce Zimmerman, City Administrator,* had no additional comments.

Mayor and Council Comments

*Councilmember M. E. Brubaker* visited Pangborn Park on Monday and many people were enjoying the park.

*Councilmember A. Parson-McBean* stated progress has begun on the Jonathan Street project. She is looking forward to the BluesFest.

*Councilmember L. C. Metzner* expressed condolences to the family of retired police officer Craig Bakner, who passed away on May 23, 2008.

*Councilmember K. S. Cromer* expressed her condolences to the family of Mr. Bakner. BluesFest will be held May 30 – June 1, 2008. She was glad to find out that the City was able to keep Karen Giffin, Director of Community Affairs, from resigning. She stated her stepson, Spencer Cromer, and the Hagerstown Community College baseball team is participating in the Junior College World Series in Colorado.

*Councilmember P. M. Nigh* was able to attend a service in recognition of Memorial Day at Arlington Cemetery. She stated it was very moving.

*Mayor R. E. Bruchey, II* expressed his sympathy to the family of Mr. Bakner. He mentioned that staff has met with Mr. O'Brian to discuss his sidewalk. Mr. O'Brian indicated that the City of Frederick replaces the sidewalks. Frederick does not replace all curbs and sidewalks. He stated the City is trying to find ways to assist citizens with sidewalk repairs and maintenance.

He congratulated the Council for working through the budget process and for approving the budget, with a tax rate reduction.

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 7:40 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk  
(by video)

Approved: June 17, 2008