

WORK SESSION – July 24, 2007

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, July 24, 2007, 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; and City Administrator Bruce Zimmerman.

Preliminary Agenda Review

Consent Agenda

A. Engineering:

1. Waterline Pavement Repair – Northern Avenue – Change Order for Existing Contract – Craig Paving (Hagerstown, MD) \$ 40,000.00
2. Purchase of Replacement Vehicles:
 - a) Unit # 703 – Criswell Chevrolet, Inc. (Gaithersburg, MD)
\$ 13,896.00
 - b) Unit # 701 – Criswell Chevrolet, Inc. (Gaithersburg, MD)
\$ 9,808.00

Rodney Tissue, City Engineer, stated it is more cost effective to hire a contractor to do the waterline pavement repair because they have larger equipment to do the job. The vehicles that are being replaced will be sent to the auction. The money received is used to offset the purchase of the new vehicles.

- B. Public Works: LED Traffic Signal Lights – RGA, Inc. (Powhatan, VA)
\$ 16,932.00

Eric Deike, Public Works Manager, stated this type of light bulb will significantly reduce the electricity costs to operate the signal light.

- C. Community Affairs: Application Permit – Augustoberfest Charitable Foundation, Augustoberfest Event – August 25, 2007 and August 26, 2007

- D. Finance/Information Technology: Multifunction Copier Replacement – Word Processing Services (Hagerstown, MD) \$ 3,492.00/month

Scott Nicewarner, Information Technology Manager, stated 18 copiers will be replaced through this bid. The cost to maintain the copiers has risen considerably over the last two years.

E. Water and Sewer Department:

1. Service Agreement for Oxygen System – M2T Technologies (Peekskill, NY) \$ 19,400.00

Donnie Barton, Waste Water Operations Manager, indicated this is the annual service agreement. The services in the agreement are utilized on an “as needed” basis.

2. ¾ Ton 2007 Pick-up Truck, Unit # 524 – Miller Brothers Ford, Inc.
(Ellicott City, MD) \$ 30,211.00

This vehicle will replace the construction supervisor’s vehicle, which is used extensively.

3. Four 4” Neptune Meters and Brass Plugs – HD Supply Waterworks, LTD
(Martinsburg, WV) \$ 19,572.72
4. Trailer Mounted Valve Exerciser and Vacuum – E. H. Wachs Company
(Lincolnshire, IL) \$ 29,850.00
5. ZCORR Loggers – Itron (Liberty Lake, WA) \$ 12,500.00
6. Cost of Service Study for Water and Sewer system- Municipal &
Financial Services Group (Annapolis, MD) \$ 18,150.00
7. Pump Assembly – Geiger Pump and Equipment (Baltimore, MD)
\$ 18,779.00

This completed the preliminary agenda review.

Award of Construction Contract – Eastern Boulevard North Improvements

Rodney Tissue, City Engineer, and Jim Bender, Assistant City Engineer, were present to discuss the improvements on Eastern Boulevard.

Over the past several years, Staff, along with the engineering consultant has prepared construction plans for the widening of Eastern Boulevard between Conrad Court and Jefferson Boulevard. The plans call for widening the road to four lanes with turning lanes at major street intersections, the installation of a modified traffic signal at Opal Court, installation of landscaped median islands between the northbound and southbound lanes, and the installation of sidewalks and street lights along the corridor.

On July 13, 2007 staff opened the bids for the Eastern Blvd. widening project. Four bids were received, and the apparent low bidder was Craig Paving, Inc. with a base bid of \$ 3,577,685.50. This bid was considerably less than the construction cost estimate of approximately \$ 5.5 million.

There are several items that were not included in the bid for the project. Some of these costs are for materials or services that the City (or suppliers already under contract with the City) will provide, while others are costs that the City must incur to complete the project. There are also some uncertainties with regard to the relocation of existing utilities, the need for additional engineering design services to address conditions in the field, and contingencies to deal with unforeseen problems during construction. It appears likely that the amount of bond financing that the City must undertake to complete this

project will be significantly less than originally anticipated. Also, the City will continue to collect fees from developers in the Eastern Blvd. Assessment District that the Council established in 2004. At full build-out, the City expects to collect approximately \$ 1.3 million in fees from the developers that can be used to partially finance this project.

Assuming that the Council awards the contract to Craig Paving on July 31, 2007, it is anticipated that Craig Paving will be given a Notice to Proceed on or about September 1, 2007. Craig anticipates resuming major construction activities in the spring of 2008, with completion of the project later that summer. The actual construction schedule will be driven by weather conditions and the progress of the work.

Staff has scheduled an open, public information meeting for August 22, 2007 to explain the project to residents and stakeholders, and to make them aware of Craig Paving's construction schedule. Staff will also be issuing Traffic Advisories throughout the construction, and will be posting construction updates on Channel 6 and the City's website.

Staff recommends the award of the construction contract to Craig Paving, Inc. in the amount of \$ 3,790,960.80. Staff further recommends a total project allowance of \$ 4,400,000 to account for the additional costs and contingencies outlined herein. Staff also requests authorization from Council to televise a Public Information Presentation for the project on Channel 6.

Councilmember Brubaker indicated the Planning Commission is requiring one of the developers on Eastern Boulevard to create a pedestrian connection to Pangborn Boulevard. There will not be a traffic connection.

Mr. Tissue stated the County will have to install an additional traffic lane on the northern end of Eastern Boulevard in order for this project to ease the congestion. He indicated the County Commissioners are in the process of developing a design for that project.

Bruce Zimmerman, City Administrator, commended Mr. Tissue and Mr. Bender for their continuing work with the project.

It was the general consensus of the Mayor and City Council to move forward with this project and award the contract to Craig Paving, Inc. The Mayor and City Council also agreed to televise information on Channel 6.

Continuation of the 2007/08 Budget Review Process and Schedule

The Mayor and Council have expressed an interest in continued discussion and review of the 2007/08 budget to better position the City for dealing with future years projected deficits and possible fallout at the local level from the State's structural budget deficit next fiscal year.

Bruce Zimmerman, City Administrator, and Alfred Martin, Finance Director, presented staff recommendations regarding continuation of the 2007/08 budget review process.

The City has a balanced budget for 2007/08 that the Mayor and Council previously adopted with adequate expected funding to support it. The challenges, much like the State of Maryland, are with how the City handles projected deficits in future years. Mr. Martin pointed out that these are future years' projections, not actual budget deficits.

Staff is asking the Mayor and City Council to provide direction for the budget process. The following is a list of what Staff has heard from the Mayor and City Council:

1. Provide adequate funding for the additional needed fire and police officers.
2. Do not increase the City's property tax rate.
3. Honor our existing labor contract commitments which continue through FY 2008/09.
4. Explore ways to limit future OPEB liability growth for new hires as part of the upcoming negotiation process for FY 2009/10.

At this time, staff believes what would most benefit the budget preparation process would be the implementation of budget preparation guidelines by the Mayor and Council. These guidelines would apply to the FY 2008/09 budget as well as the subsequent fiscal year and would help staff prepare the last two budgets for the Mayor and Council's current term. Examples of budget preparation guidelines that staff would recommend include:

1. No increase in the City's property tax rate.
2. No increase in General Fund staff positions (other than the approved police and fire fighter positions) unless such positions are funded through grants or another source of new revenues.
3. No General Fund subsidy of the City's utility operations.
4. In order to promote tax relief and maintain budget flexibility, consider reducing the tax rate while at the same time requesting the State Department of Assessments and Taxation, by 11/15/07, to allow the City to restore the Homestead tax assessment cap to 10% like the State of Maryland is currently using.
5. After the current contract agreements expire at the end of FY 2008/09, link the growth in wages and benefits to projected growth in the City's two major revenue sources – property taxes and State and County shared taxes.
6. In order to ensure the community benefits from revenue growth, the City will set aside any increase in revenues in excess of a percentage to be determined for new community based initiatives, new capital improvements or new investments in the community.

As directed by the Mayor and Council, a final decision on actually hiring the new police officers and firefighters will be made by the Mayor and Council later in the current fiscal year, after we have a better handle on the finances and a better understanding of how the State will be handling their structural budget deficit. Staff has not heard much from the State to date, other than some administrative cuts in the current year's budget and some preliminary "doomsday" information. It appears there may not be a special session to plan for the budget in advance and we may need to wait for the regular session, from January to April of next year.

The City's own financial information will be updated before that. By mid to late September, solid numbers for last fiscal year will be available. By early November, staff will be able to update the financial projection model and have some idea of how the State's property reassessments are looking for the City for next year. Department managers will also be able to meet and discuss their ideas on how to better position the City to balance the budget for 2008/09 and future years.

Staff is not alarmed by the projected future years' deficits. The City has a very talented and creative staff that will balance the budget as required. Mr. Zimmerman and Mr. Martin asked the Mayor and Council to allow staff to develop a plan and bring to the Mayor and Council.

Mr. Zimmerman stated it would be beneficial to discuss the suggested budget guidelines in September. In the past, budget retreats have been held in the fall and in the winter. He recommended scheduling a budget retreat after the assessable base information is available.

Councilmember Cromer stated the Charter Review Committee has reviewed the budget section in the charter. One question from the review was regarding the adequacy of the budget timeline. She asked if Mr. Zimmerman and Mr. Martin would review the process with the committee.

The Mayor and Council agreed to discuss the budget guidelines in September and plan a budget retreat for later in the year.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, thanked Public Works for the landscaping work at City Hall. This has added to the appearance of City Hall.

MAYOR AND COUNCIL COMMENTS

Councilmember A. Parson-McBean thanked the Water Department staff for responding to another water break on Jonathan Street so quickly. The employees worked as a team. She stated it is time to get the Jonathan Street project started and finished so there are no more water line breaks. She thanked Mary Baykan from the library for the information she provided on the Reginald F. Lewis Museum.

Councilmember P. M. Nigh asked that money be found for the playground equipment that was removed from the Program Open Space list. Martha Cheeves came forward and thanked City staff for cleaning the street after she called.

Councilmember L. C. Metzner stated it is a pleasure to hear and read positive comments. He thanked staff for taking care of the parks. He thanked Mr. Tovornik for getting rid of the Holiday Motel. He urged the County Commissioners to not turn the Oliver Farm into the hospital. Zoning on the property is independent of what the City will do in regard to water and sewer service. He does not intend to spend a lot of time discussing whether to extend sewer service to land that is not appropriately zoned for a hospital. He urged everyone to take the opportunity to listen to William Clarence Marshall sing. Mr. Marshall performed at the annual Maryland Symphony Orchestra's Salute to Independence. He will be at AnnaFiarre on July 26, 2007. He mentioned that Durango's Restaurant (Spanish and Mexican cuisine) is very good.

Councilmember K. S. Cromer stated funding for the playground equipment has been included on the Community Parks and Playground list. She asked the Council and several members of staff to stay for a few minutes after the meeting. The Maryland Royals baseball team left for New York today, thanks to the generosity of people in the community.

Councilmember M. E. Brubaker stated the County Planning Commission voted to not extend the Urban Growth Area (UGA). The City Planning Commission will not be holding a public hearing regarding expansion of the UGA. The project that prompted the request for the extension is more than a commercial project; it also deals with school sites. He commended the Planning Department and the City Attorney for their efforts in successfully countering a subdivision lawsuit that was filed.

Mayor R. E. Bruchey, II reminded everyone the following events are continuing: University Plaza Concert series, family night at Potterfield Pool, Movie on the Plaza, Music by the Lake, Municipal Band concerts, Storytime at University Plaza and Market in the Square. He mentioned the market building is now a comfortable temperature due to the installation of air conditioning. He urged the Council to contact school board members and stress how important it is to have the Barbara Ingram School for the Arts in the downtown location given for that purpose.

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.

Respectfully submitted,

Donna K. Spickler, City Clerk
(by video)

Approved: August 28, 2007

WORK SESSION
MAYOR AND CITY COUNCIL

JULY 24, 2007
HAGERSTOWN, MARYLAND