

WORK SESSION – April 12, 2016

Mayor D. S. Gysberts called this Work Session of the Mayor and Council to order at 3:08 p.m., Tuesday, April 12, 2016, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, M. E. Brubaker, L. C. Metzner, D. F. Munson, and P. M. Nigh, City Administrator Valerie Means, City Attorney Jennifer Keefer, and City Clerk D. K. Spickler.

Preliminary Agenda Review

Consent Agenda

A. Community and Economic Development:

1. Approval of Street Closures for Hagerstown Rescue Mission Event, Summer Slide Event, and Classics and Crabs with MSO event

There were no questions regarding the Consent Agenda.

Approval of Hagerstown Cultural Trail Agreement with Brookgreen Gardens for Use of “Diana” Image

Rodney Tissue, City Engineer, stated during the presentation for the Hagerstown Cultural Trail in February, 2016, it was noted that an agreement would be developed between the City and Brookgreen Gardens in Murrills Inlet in South Carolina. The purpose of this agreement is to allow the City to use the image of “Diana of the Chase” which was originally created by Diana Hyatt Huntington in 1922. Brookgreen Gardens has the copyright protection responsibilities and this agreement would allow the City to use the image as the logo for the new Cultural Trail. This agreement was prepared by the City Attorney and staff recommends the Agreement be approved by the Mayor and City Council.

Approval of License Agreement for Third Street Right-of-Way

Jim Bender, Assistant City Engineer, reported that staff received a request from Raymond Higgins to construct a driveway in the unimproved right-of-way of Third Street. The purpose of this request was to provide access to a parcel owned by Mr. Higgins on the north side of the right-of-way. Mr. Higgins would like to construct a storage building on that parcel, which does not have frontage on any public streets that have been constructed. Staff advised Mr. Higgins that he had two choices for gaining access to his property: (1) construct Third Street in accordance with City standards from Kuhn Avenue to the parcel, or (2) request a License Agreement to construct a driveway to the parcel within the right-of-way of Third Street. Mr. Higgins’ chose to request a License Agreement. Mr. Higgins has indicated he has no plans to develop the residential lots he owns at this time.

Acceptance of Grant: Chesapeake Bay Trust/Maryland Department of the Environment

Jim Bender, Assistant City Engineer, provided information about a grant from the Chesapeake Bay Trust/Maryland Department of the Environment. In 1997, after significant storm events and flooding the previous year, the City hired the engineering consulting firm McCrone, Inc. to review the extent of the damage and propose projects that would help to decrease flooding in the future. While McCrone looked at issues city-wide, the primary focus of their investigation was the Hamilton Run corridor where the more significant flooding took place. McCrone developed conceptual design plans for a series of flood control/stormwater management projects along Hamilton Run, and the City has successfully completed a number of these projects over the past eighteen years.

In September 2015, staff applied for a Watershed Assistance Planning Grant (WAPG) from the Chesapeake Bay Trust. The purpose of the request was to obtain grant funding for additional studies of the Hamilton Run watershed, to identify sites for future stream restoration projects, and to develop an overall Watershed Action Plan. Based upon past feedback from various funding agencies, staff felt that having an approved Action Plan would place the City in a better position to solicit additional grant funds to construct or implement these restoration projects. The grant application requested \$ 60,000 in grant funds, with a proposed match of \$ 15,000 from the City's General Fund.

In November 2015, staff was notified that the City's application had not only been selected for approval, but that additional grant funds were available to complete more work items. In subsequent conversations with the Maryland Department of the Environment (MDE), they encouraged the City to request additional funds to actually design and obtain permits for a stream restoration project. The City revised its request, and has now been notified that it will receive \$ 90,000 in grant funds to complete this expanded work plan (with the City's match still set at \$ 15,000).

Approval of R. C. Willson Lagoon Cleaning by Alan A. Myers

Michael Spiker, Director of Utilities, and Nancy Hausrath, Water Operations Manager, were present to discuss an amendment to the Purchase Order (which was approved on December 13, 2013) for the approved bid from Allan A. Myers, Inc. (AAM). AAM is the General Contractor for the Phase IV Disinfection By-Product Rule 2 (DBPR2) improvements at the R. C. Willson Plant.

In February 2016, the Mayor and Council approved the Maryland Department of the Environment (MDE) Change Order #1. This Change Order covered all work that was included in the MDE funding package. This project was similar to most projects of this magnitude – there were many challenges and latent conditions encountered.

Water Division staff worked closely with the Contractor, Project Engineers, and the Regulatory Agencies to ensure a successful project.

The initial contract with AAM totaled \$ 11,095,000 for Phase IV-A with an additional \$ 15,000 approved for Phase IV-B (Project Total \$ 11,110,000). The MDE Funding Package for construction included \$ 11,600,054 (of which \$ 1,500,000 were grant funds). Total construction costs totaled \$ 11,476,440 which requires a second amendment of the Allan A. Myers, Inc. Purchase Order in the amount of \$154,306 (funding is from the project contingency previously approved by Mayor and City Council). The construction portion of the project came in \$124,614 under budget.

With Mayor and Council approval, staff will move forward with the amendment to the Purchase Order and preparation of the final project documentation as required by MDE and the City's auditors.

This completed the preliminary agenda review. All items are scheduled for approval on April 19, 2016, unless otherwise noted.

Appeals Court Decision/Charter Amendment Discussion

Mayor Gysberts stated the City of Hagerstown lost the appeal to the Court of Special Appeals stating that including binding arbitration in the City Charter would be an illegal taking of the legislative power from the Mayor and City Council. This is the second appeal that was lost. There are two options for the Mayor and City Council to consider. One is to add recognition of the unions and include binding arbitration in the City's Charter. The other is to take the question of binding arbitration to referendum on the November, 2016 General Election ballot. The deadline for submission of a ballot question is August 15, 2016. This is a deadline established by the State Board of Elections.

It was the general consensus to not pursue the case any further through the court system and to take the issue to referendum (placing the question on the ballot).

Councilmember Aleshire stated he doesn't think he will ever vote to adopt an ordinance establishing a procedure for binding arbitration.

Councilmember Munson believes the impact of binding arbitration would be long lasting. An arbitrator's determination in Chambersburg, Pennsylvania forced the city to increase taxes to cover the added expenses. Citizens should be aware of the possibility of mandated costs and the potential for increases in fees and taxes to cover the costs.

Mayor Gysberts asked what resources, if any, should the Mayor and City Council dedicate to an effort to make sure the public is aware of what is at stake with binding arbitration.

Councilmember Aleshire reminded everyone that whether binding arbitration is in the Charter or not, it does not change the size of resources available. He does not believe binding arbitration will restore wages. He stated it is difficult to discuss the level the

Mayor and Council support binding arbitration with a group that endorsed candidates in the 2012 election.

Councilmember Brubaker stated the Mayor and Council do not need to spend any money on informing the citizens. Press releases could be issued. He is disappointed with the lies that were told on the street by those collecting signatures on the petition.

Mayor Gysberts stated he is not necessarily looking at a budget figure for informing the citizens. A strategy is needed to address the information that is provided to citizens as supporting groups are attempting to gain favorable votes for including binding arbitration in the City Charter.

Mayor Gysberts stated the next step in the process for placing the question on the ballot is to develop the language for the question. Jennifer Keefer, City Attorney, indicated the language must be the same as the question on the petition. This will be discussed at a future work session.

Recreation Programs Update

Amy Riley, Recreation Coordinator, and Junior Mason, Parks and Recreation Manager, were present to provide an update of the recreation programs.

The Parks and Recreation Division is continuing the momentum on creating healthy, affordable, and engaging lifestyle opportunities for residents, their families and the community at large.

With new programs rolling out year-round, staff's aim is to help the community find the right opportunities to fit their schedules, budgets, interests, and skill levels. A new branding campaign "Fit for You" is being introduced as the new Spring/Summer Parks and Recreation guides are distributed. The new guide features all of the amenities found in the City's 19 park facilities, and within the programs and events. New activities are continually being created with a "Fit for You" campaign in mind.

Utilizing the grant funding received from the Washington County Health Department (to be used in the promotion of healthy lifestyles), staff is printing 15,000 copies of the guide to be distributed through City elementary and middle schools, local businesses, partner entities like Meritus, Volvo, and HEAL, and at upcoming events.

Staff is seeking Council approval on April 19, 2016 for a new User Agreement with the Cumberland Valley Model Yacht Club. The agreement will grant the Club permission to use City Park Lake the first Saturday of each month to hold a race, and on scheduled days and times for practices. It is anticipated the group will be partnering with the City for the September 17, 2016 Fall Fest event.

The Golf Course has sold 7 of the 9 tee marker sponsorships for the 2016 and 2017 golf seasons. Ad spaces are oversold for spaces in the golf scorecard. Sponsors are being sought for the 4th Annual City Championship (August 19, 2016) and Par Fore Pink (September 30, 2016) tournaments. Advertising campaigns are running on multiple radio stations. Staff continues to create and promote monthly specials and are increasing the e-cast distribution list.

The 15 week fitness campaign “2016 Hub City 100 Miler” wraps up on Friday, April 15, 2016 at Fairgrounds Park. 925 people have taken the “1 Mile a Day for 100 Days Challenge”.

Terry Lamb and Lou Lamb, Cumberland Valley Model Yacht Club, informed the group model yacht racing is popular. City Park Lake would be a good site for the activity. There is a national champion living in Hagerstown.

Councilmember Munson pointed out visitors for the races may be interested in the Cultural Trail amenities as well.

It was the general consensus to include approval of the user agreement with the Cumberland Valley Yacht Club on the April 19, 2016 Regular Session agenda.

Transportation Priorities

Rodney Tissue, City Engineer, reported the Maryland Secretary of Transportation and Department of Transportation (MDOT) is seeking their annual priority list from the local jurisdictions to facilitate their preparation of the Consolidated Transportation Plan (CTP). The CTP will be presented by Secretary Pete Rahn and State Highway officials in October.

Staff will send to MDOT the priorities from the City elected officials. Staff offers the following items as suggested priorities:

1. Highway User Revenues: Continue funding or increase. A chart showing the City’s share of funds in recent years was presented. Historically, the City received close to \$ 2 million annually. In recent years, the revenues have been drastically reduced (by at least 50%).

Councilmember Brubaker indicated he would receive an update of the pending legislation at the next MML Legislative Committee meeting.

2. Eastern Boulevard Corridor Improvements – Staff support this Washington County led, multi-phase project that consists of a multi-modal transportation system connecting US Route 40, Maryland Route 64, and Maryland Route 60. Future phases include construction of new streets to disperse traffic and reducing

traffic volumes on State routes. One such route is the extension of Professional Court, which is currently under design.

3. I-81 Widening – Staff understand SHA is planning to widen I-81 from the Potomac River bridge to approximately Route 11. Staff request updates on this project and advocate for the widening to the Pennsylvania line over the next ten years.

Councilmember Brubaker indicated the SHA has divided this project into four sections/areas. It is his understanding that the SHA has not made applications to fast track the process yet.

4. Dual Highway Pedestrian Improvements – Based on the recent plan developed by the MPO, staff recommend implementation as outlined in the 2015 study.
5. Continue to fund Retrofit Sidewalk Installation, Bikeway Grants (requests will be based on the new Master Plan), Transportation Alternatives Program (for the Marsh Run Trail), and Safe Routes to School Program (for Haven Road), all of which the City has used in the past.

Washington County Engineering staff indicated they have not finalized their list but it will be substantially similar to the Transportation Priority 2016 packet they gave to Secretary Rahn earlier this year.

It was the general consensus to present this list of priorities to Secretary Rahn.

Proposed Adaptive Re-Use of the Saylor House at Kiwanis Park

Rodney Tissue, City Engineer, stated when the property for Kiwanis Park was donated to the City by the developer of the Light Business Park, it included a circa 1800 stone house that has not been lived in for over 50 years.

The Washington County Historical Trust presented a proposal to the Mayor and City Council to allow for the adaptive re-use of the house formerly known as the Saylor House.

Pat Schooley, Steve Hatleberg, and Merry Stinson, Washington County Historical Trust, were present to discuss the proposal.

Despite the derelict appearance, the structure and architectural details are repairable. The WCHT would like to renovate the Saylor House as an educational center for local history and nature programs and to share the building with other organizations that may wish to use it.

The Saylor House is of historical significance for its well-constructed original features and as an example of an early settlement period farmhouse.

WCHT would like to use the organization's architectural resources and expertise to restore the Saylor House for adaptive re-use. They would accomplish this goal with the assistance of volunteer labor, educational building restoration projects, donations, grants, and some City involvement. The ongoing renovation project would include opportunities for the public to observe and learn restoration techniques such as stone masonry pointing, plastering, and window repair, and to become informed about regional architectural history through explanatory signage. The Antietam-Conococheague watershed Alliance (ACWA) would use the restored house and outdoor areas extending to the Antietam Creek for instructional and recreational activities such as water monitoring and boating. Other nature programs such as The Monarch Alliance would conduct butterfly talks and bird walks.

The WCHT is seeking City approval for the overall concept to restore The Saylor House. With approval to proceed, an initial step would be the development of a Memorandum of Understanding (MOU) between WCHT and ACWA, and the City of Hagerstown. It is envisioned that the MOU would include a low-cost, long-term lease arrangement with the City in a landlord relationship. It would also include details and clarifications needed to ensure a clear understanding of the responsibilities of all parties involved.

As fundraising programs are pursued, WCHT would also appreciate the active involvement of the City regarding grant programs or other funding opportunities.

Initially, they request that the City consider the following:

1. Use Project Open Space (POS) funding to bring utilities (water, sewer, electricity) to the site, and to build a handicapped path to the restroom.
2. Pay for architectural drawings.
3. Maintain the surrounding area as part of Kiwanis Park.
4. Consider providing labor for some projects, if WCHT obtains funding for materials.

Mr. Tissue reported the City Parks Division has completed all the planned work at Kiwanis Park and there is a surplus of approximately \$ 25,000 to \$ 30,000 in POS funds that could be used towards this project if the Mayor and Council so desire. The proposal suggests that the City provide utilities to the building that would include electric, water and sewer (that is served by a grinder pump). Staff estimate the cost of installing all three of these services at \$ 20,000 with additional administrative costs (such as benefit charges and hookup fees) of at least \$ 10,000. Staff anticipate that the architectural drawings (which the proposal suggests the City fund) will cost in the range of \$ 10,000 to \$ 12,000.

It was the general consensus of the Mayor and City Council to move forward with review of the MOU.

Tourist Area and Corridor (TAC) Signage Program

Rodney Tissue, City Engineer, reported the State of Maryland has developed the statewide Tourist Area and Corridor (TAC) signage program that will guide tourists to cultural and recreational facilities throughout the state. These standard signs will be installed on the interstates and the State has offered to extend the program into the City. This program is being implemented and funded by the State of Maryland.

In August 2015 the Mayor and Council expressed interest in participating in this program. The State Highway staff finalized the design and they are now requesting approval for the signs and their locations.

The purpose of the program is to develop a standard sign design that will be recognized by tourists and guide them to cultural and recreational facilities. In order to be included in the program, each non-retail facility was required to make application to the State Highway Administration to show that they meet certain criteria regarding hours of operation, parking and access by the public. The City government as well as a number of private agencies submitted applications to the State to be included in this program and the following Hagerstown attractions were accepted:

1. Historic Hagerstown
2. Fairgrounds Park Recreational Area
3. Hagerstown City Park Cultural District
4. Washington County Museum of Fine Arts
5. Visitor Center
6. Maryland Theatre
7. Discovery Station

The Municipal Stadium did not meet the criteria to be included but the State Highway agreed to provide new directional signs with a green background and white letters.

The new attraction signs will be 3-4 feet wide and 3-5 feet high and will have a brown background with white letters and the Maryland flag. There will also be similar signs to direct visitors to public parking. There will be "INFO" signs with blue background and white letters to direct visitors to the Visitor Center. A map showing the location of the signs is included in the memo.

Included in this program is the removal of a number of faded and outdated signs, such as 20-year old large "Visitor Center Welcome" signs, smaller "Visitor Center" directional signs and "Downtown Shops and Restaurants" signs.

The blue signs the City recently installed at each public parking lot will be moved outside of the public right-of-ways. Staff will advise the State that there are some existing signs that the City wishes to maintain, such as the Academy Theater.

The State will furnish and install the signs initially. Any signs that are damaged in the future will be re-fabricated by the State and installed by City staff.

Mayor Gysberts asked if the City would be able to locate signs for recreation that aren't listed. Mr. Tissue thinks the uniform signs would remain the same on all State routes; however, the City could place signs on non-state routes.

It was the general consensus to include approval of the State Highway Administration plan to extend the TAC program within the limits of the City of Hagerstown on the April 19, 2016 agenda.

Councilmember Munson inquired if a directional sign to the Hagerstown Cultural Trail could be included.

Annexation Request for Stormwater Parcel, LLC, 250 Eastern Boulevard North

Alex Rohrbaugh, Planner, was present to discuss a proposed annexation. The subject property is located just south of the Ewing Oil property along Eastern Boulevard North. The property is also located just north of the Stone Soup LLC medical office building (former Food Lion) that was annexed by the City in 2011.

The property was originally developed as a stormwater management facility in the 1990s that served the former Food Lion property to the south. When the Light Business Park was developed to the east, stormwater management for the former Food Lion was diverted from the property in question to the stormwater facility in the Light Business Park on Cameo Drive. Because it is no longer a functioning facility, the owner, Stormwater Parcel LLC (David Lyles Builders) wishes to re-grade and fill the property so that it could be developed for future commercial activity. Because the property is contiguous to the city limits and will need to annex in the future to acquire city water, the owner has requested annexation of the property now so that he can prepare it for development in the future. While the owner has specific building plans at this time, he has expressed a desire in developing the property for a restaurant use.

While the property is currently still in the county, the owner has also requested that the City review a grading plan for the property concurrently with the annexation. Planning Staff reached out to the County Plan Review & Permitting Division, and they have no objection with the grading plan being reviewed by the City before annexation. It is important to note that approval of a site plan for development cannot happen until annexation is approved by the Mayor and Council and becomes effective. Stormwater management for this property, once graded and developed, will be handled by both the Light Business Park facility and on-site environmental site design in accordance with City ordinances.

The total area of annexation is approximately 1.03 acres. The property is zoned BG (Business General) in the County, and if annexed, the property would be zoned CG

(Commercial General). The zoning classifications are consistent with one another; therefore, no express approval of a zoning change is required from the County Commissioners. The Land Use Plan in the 2002 Washington County Comprehensive Plan identifies Commercial for the property. The Future Land Use Plan in the City's 2008 Comprehensive Plan identifies this area as Business-Employment.

The City Planning Commission will be reviewing the appropriateness of CG zoning for the annexation at its April 13, 2016 workshop.

The property is currently assessed at \$0 since it is still considered a stormwater facility by Department of Assessments and Taxation. Once the property is graded and developed, the property will be assessed as a commercial property and, therefore, will be providing new tax revenue for the City. It is also anticipated that the property will have minimal impact on existing City services.

Councilmember Brubaker asked if a curb cut will be permitted for access to Eastern Boulevard. Mr. Rohrbaugh indicated requests for curb cuts are reviewed by the City's Engineering Department.

It was the general consensus to include introduction of the annexation resolution on the April 19, 2016 agenda. A Public Hearing will be scheduled for May 24, 2016.

Street Closure Requests: Summer Slide Event with What's Nxt and Classics and Crabs with MSO and What's Nxt

Gaela Shoop, Community Event Coordinator, stated additional street closure requests have been received for 2016.

The following update was provided for the requests:

1. Modified Event: Summer Slide Festival – Saturday, September 10, 2016 from 11:00 a.m. to 3:00 p.m. This is an all day street closure request to allow for setup, event time and clean-up. The new site for the event would take place on the streets of Prospect Street, Baltimore Street, and Walnut Street. The event itself is hosted by What's Nxt and this year the organizer is partnering with the Historic Heights Neighborhood 1st Group in conjunction with the annual Porchfest event. The two groups are going to overlap in timing and are looking to combine the crowds that would attend both events.
2. New Event: MSO Classics and Crabs – Saturday, September 17, 2016 from 4:00 p.m. to 9:00 p.m. The organizer is requesting an all day street closure for South Potomac Street. They are also requesting an open containers law exemption.

Melissa Fountain, What's Nxt, stated the slide event was well attended last year. This year, the location of the slide is being moved to a steeper hill to provide a more enjoyable sliding experience. Parking for this combined event will be available at the Washington County office building and in the Rochester Lot. No beer garden is being considered for the slide event this year.

The Classics and Crabs event will be similar to the Maryland Theatre's Wind Down series. This will kick off the MSO season. Flying Dog Beer from Frederick, Maryland will help promote this event outside the community. An open containers law exemption will be required to hold the event as planned.

Approval of both these street closure requests will be included on the April 19, 2016 Regular Session agenda. The open container law exemption will be presented for approval at a later date.

A five minute break was then observed.

FY 2016/17 Budget Review

Valerie Means, City Administrator, Michelle Hepburn, Director of Finance, and Rana Rose, Accounting Manager, were present to continue the budget discussions.

The proposed budget is available on the City's website.

Ms. Means stated this proposed budget document for FY17 represents the work of the senior leadership team and staff to provide a comprehensive and balanced budget for the Mayor and Council's review. As discussed during recent months, this proposed FY17 budget and the outlook for multiple future years contained within comes with financial challenges. Difficult decisions were needed to present a balanced budget at this time. Unfortunately, the concerns expressed previously, such as reduced availability of financial resources, the rising cost of providing services and the growing needs of the residential and business community still remain.

The proposed FY17 budget does not contain any new tax increases, as stipulated by the Mayor and Council. Ms. Means described the FY17 budget as a transitional bridge; a change between two phases. In the one phase, even while struggling with the economic recession, people can see all that the City has accomplished in the past years. Such accomplishments are economic development incentives, community events and programs, competitive wage and benefit packages for employees, positive movement in many of the catalyst projects of the Community City Center Plan, gaining distinguished titles such as Main Street and Sustainable Community and purchasing some much needed capital equipment. The City should be proud of these milestones.

The core factor is that the City government is a service provider and those services require use of resources. The question is, as the City transitions through FY17 and looks to FY18 and beyond, at what level does the City continue to provide services. The FY17 proposed budget keeps the City on even ground and will allow for the transition to the next phase. Some key factors of this proposed General Fund budget are: no tax rate increases, no uses of general fund reserves except for those already committed, no changes to the levels of basic services, no additional employee salary enhancements, no additional dollars for abatement/demolition projects related to blighted properties, a place holder in Q417 for the roll out of a red light camera citation program, deferred dollars for programs, capital projects and equipment purchases, defined deferred dollars for possible employee contract negotiations, decreases in operation expenses, and reductions in employee health insurance benefits. The proposed FY17 budget is not sustainable beyond FY17 at current service levels.

Ms. Means' recommendation is that City leaders, elected and staff, use FY17 as a time of reflection but also as a time to make visionary decisions on what level of services the City will continue to provide. If the decision is made to provide the same or increased level of services in FY18 and beyond, the revenue side of the equation will have to be increased. If revenue increases are out of the calculation, then the City leaders must begin the process of making significant reductions in service levels, programs, and facilities, as well as the expenditures associated with them. Even though these are difficult discussions, the City can be successful in its vision, as long as strategies for future implementation are developed early in FY17.

Though the budget staff has attempted to continue to reflect projects and initiatives to support the Mayor and Council Goals and Priorities adopted in December, 2014, staff believes that the Community's City Center Plan continues to be a viable vision.

The proposed FY17 budget does not include the use of general fund reserves except for those already committed. The committed amount of the funds is \$ 420,031. As was discussed in prior years, the use of reserves to balance the General Fund or to continue to fund Capital items or programs is not a sustainable approach. Revenue projections, although moving in a more positive direction, do not provide enough clear confidence there will be sufficient future fiscal year growth in revenue from existing sources to replace the use of reserves.

The State 2016 Constant Yield Tax Rate Certification Notice received in February indicates a slight increase in property values. FY17 represents the final year of the current triennial assessment and indications are that property values are slowly improving. A 2.2% increase in the assessable base for FY17 is projected, followed by a 4.9% increase in FY18 (the first year of the next Triennial).

In January, 2016, preliminary budget figures indicated a \$ 1.6 million deficit. To reduce the deficit adjustments were made in the General Fund transfers to the CIP projects, reductions in the Police and Fire Retirement plan contributions, overall

reductions in health insurance and changes in benefits, and removing the anticipated wage enhancement. The same adjustments were made to the Enterprise Funds.

The FY17 proposed budget is presented with a transition in mind and it is clear that City leaders will need to seriously consider possible change to its program and service levels in light of available revenues for FY18 and beyond.

The FY17 proposed budget does not include any salary enhancements beyond current FY16 levels. All four union contracts will expire on June 30, 2016. The proposed budget includes 477 full-time positions, including 25 unfunded positions, for a total of 452 funded positions city-wide. The 452 funded positions reflect an increase of six positions from the FY16 finalized budget because they occurred during FY16.

The Health Insurance Committee and the groups they represent greatly assisted the City budget by amending the plan for FY17 and providing significant plan changes that helped to reduce the 7% projected increase for FY17. This projected FY17 budget assumes the City will still absorb a 5% increase in the Health Insurance Program and will increase the contribution to the City Police and Fire Pension from 13.71% to 14% of salary.

Councilmember Aleshire noted the Police and Fire Retirement plan consultants recommended a 16% contribution. He does not believe the City's anticipated 14% contribution is a good practice.

The Proposed General Fund revenue of \$42.301 million for FY 17 represents a 1.0% increase over the FY16 budget. The key factor for this increase is \$ 836,068 growth in Property Tax Revenue as a result of better than anticipated real property assessable base values and growth in corporate personal property revenues. The Proposed FY17 Budget reflects a 1.1% increase in General Fund Expenditures for a total of \$ 42.298 million. While a relatively flat increase, some key factors related to this increase include the following: total Wages and Benefits reflect a .8% increase based on prior decisions related to contracts and the addition of new positions, overtime increases and expected increases in the City's contributions to pensions, health insurance, and dental insurance. These increases are offset by an OPEB reimbursement from the Health Insurance Fund of \$ 300,000. Debt Service expenditures are anticipated to increase .6% for FY17. Transfer (pay go) funding for proposed FY17 CIP related projects and equipment is expected to increase 35.7% over FY16, reflecting the elimination of the continued use of reserves for CIP.

The Stated Shared Revenue is expected to remain at the current levels. Ms. Hepburn stated when the Highway User Revenue was drastically decreased several years ago, the line item was moved to the CIP budget. An increase in this funding is anticipated for FY17. The future funding is not known at this time.

Councilmember Aleshire stated the budget has to be at a sustainable level. A focus on community investment is a plausible strategy, with the budget being sustainable in future years. Ms. Means stated her message stresses the fact that this budget is not sustainable for future years.

Debt Service expenditures are anticipated to increase .6% for FY17. There will be no Public G/O bonds issued in 2016 and the proposed 2017 bond issue will include FY16 approved and FY17 proposed capital bond projects. In the FY17 projections, staff have assumed a \$ 6,399,000 General Fund supported bond issue in 2017 to provide funding for such items as Downtown Redevelopment, \$ 1,500,000; Fire Truck for \$ 1,250,000; City Park Lake Improvements \$ 1,100,000; and Alley reconstruction of \$ 769,000.

The CIP projects include a public safety training center (funding with a future bond issue) and repair of the wall at the dry bridge on Prospect Street. Funding is included for renovation of the Marsh Run walls (in-house project) and for dredging of the lake at City Park (future bond issue). Funding is not included for a new stadium or for a major stadium renovation project. There is nothing specific for any projects at the Maryland Theatre.

Budget discussions will continue during the next several Work Sessions.

CITY ADMINISTRATOR'S COMMENTS

Valerie Means, City Administrator had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner had no additional comments.

Councilmember P. M. Nigh stated there may be refugees locating in the area soon. She stated the organizations that help people locate in Hagerstown should check on them occasionally. She mentioned Habitat for Humanity in particular. Councilmember Brubaker stated Habitat for Humanity provides follow up for all new owners.

Councilmember M. E. Brubaker had no additional comments.

Councilmember K. B. Aleshire had no additional comments.

Councilmember D. F. Munson noted the County recently purchased the property at 37 Jonathan Street. The buildings will be demolished and this will be a big improvement in that area.

Mayor D. S. Gysberts thanked everyone who helped with the Neighborhoods 1st Spring gathering last week. The Art in Bloom exhibit at the Washington County

Museum of Fine Arts is a great display of creativity. The museum has been named as the Maryland museum to travel for by Trip Advisor. He attended the 250th anniversary celebration service at Zion UCC. A ribbon cutting was held for Massage Envy in Stonehouse Square recently.

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 5:57 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: May 24, 2016