

WORK SESSION – April 3, 2018

Mayor R. E. Bruchey, II called this 37<sup>th</sup> Special Session and Work Session of the Mayor and City Council to order at 4:01 p.m., Tuesday, April 3, 2018 in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, A. Heffernan, E. Keller, S. McIntire, and L. C. Metzner, City Administrator Valerie Means, and City Clerk D. K. Spickler.

37<sup>th</sup> Special Session – April 3, 2018

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember E. Keller, the Mayor and City Council unanimously agreed to meet in Special Session at 4:02 p.m.

**Approval of an Ordinance: City of Hagerstown 2018 General Obligation Bonds**

**Action:** On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to approve an enabling ordinance authorizing City of Hagerstown to issue and sell from time to time, upon its full faith and credit, general obligation bonds in one or more series in an aggregate original principal amount not to exceed \$ 1,545,000. Proceeds of the bonds will be used to pay costs of the projects identified in Section 3(b) of the ordinance. Proceeds (par amount) are allocated by fund as follows:

General Fund	\$ 1,265,000
Parking Fund	<u>280,000</u>
Total	\$ 1,545,000

That portion of principal, interest and any allocated issuance costs associated with the Parking Fund will be payable in the first instance from revenues accounted for in such fund, but the bonds will be backed by a pledge of the City’s full faith and credit and unlimited taxing power.

Staff is hereby directed to work with the City’s Financial Advisor and Bond Counsel to determine whether a direct purchase transaction for the bonds as contemplated by the ordinance remains the best financing option for the City, and to develop the necessary detailed resolution and other documents required to prepare for the sale of the bonds as contemplated by the ordinance, including any request for proposals to determine the purchaser. As specified in the ordinance, details and authorizations regarding the amount, timing, final method of sale or sales, and other sale details will be outlined in a detailed resolution to be presented to this body for approval at a future date prior to the issuance of the bonds.

The ordinance also authorizes the issuance and sale from time to time, upon the City's full faith and credit, of (i) general obligation bond anticipation notes in one or more series in an aggregate original principal amount not to exceed \$ 1,545,000 to fund project costs on an interim basis, and (ii) general obligation refunding bonds in an aggregate original principal amount not to exceed 130% of the aggregate principal amount of the bonds being refunded, in order to reduce debt service costs or achieve debt service restructuring. Details of any such general obligation bond and anticipation notes or general obligation refunding bonds are authorized to be determined or provided for by resolution.

Any series of such general obligation bonds, bond anticipation notes or refunding bonds may be issued as a single bond.

**Approval of Purchase: Amending and Supplementing Existing City of Hagerstown General Obligation Borrowing Authority for Water System Purposes**

**Action:** On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to approve an ordinance amending and supplementing Ordinance No. O-16-15, passed by the Council on July 26, 2016, approved by the Mayor on July 26, 2016 and effective on August 26, 2016 ("Ordinance No. O-16-15"), in order to increase the maximum aggregate principal amount of each of the (i) general obligation bonds and (ii) general obligation bond anticipation notes authorized to be issued pursuant to Ordinance No. O-16-15 (and referred to therein respectively as the "Bonds" and the "BANs") in order to finance, reimburse or refinance costs of the two projects identified in the fiscal year 2017 budget as (1) RC Willson – Traveling Screen Replacement and (2) Pump Station Improvements (collectively identified in Ordinance No. O-16-15, together with related costs, as the "Project") from \$ 1,000,000 to \$ 1,100,000. The Project was delayed, Project costs have increased, and the Maryland Water Quality Administration (the "Administration") recently indicated that it can lend the City \$ 1,021,280 for Project purposes. The 2018 ordinance authorizes up to \$ 1,100,000 to be borrowed for both interim financing and permanent financing purposes in case the Administration determines it can lend the City more than \$ 1,021,280. The 2018 ordinance also expands the rules of construction set forth in Section 1 of Ordinance No. O-16-15.

Debt service payable on any Bonds, BANs or Refunding Bonds authorized by Ordinance No. O-16-15, as amended and supplemented by the 2018 ordinance, will remain payable in the first instance from water supply system revenues and, to the extent required by the applicable purchaser, wastewater system revenues, all to the extent any such revenues are available for such purpose, but any such obligations will be backed by a pledge of the City's full faith and credit and unlimited taxing power.

It is anticipated that no BANs will be necessary and that the only loan funding for Project purposes will be provide by the Administration (which will be evidenced by one or more series of Bonds issued by the City to the Administration). Staff is hereby directed to work with the City's Bond Counsel to develop the necessary detailed resolution and other documents required to prepare for the sale to the Administration of the Bonds contemplated by Ordinance No. O-16-15, as amended and supplemented. As specified in Ordinance No. O-16-15, details and authorization regarding the final borrowed amount, timing, amortization and other details will be outlined in a detailed resolution to be presented to this body for approval at a future date prior to the issuance of any Bonds.

**Adoption of Comprehensive Plan update, *visionHagerstown 2035***

**Action:** On a motion duly made by Councilmember A. Heffernan and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to approve a resolution adopting the Planning Commission's recommended Comprehensive Plan update, *visionHagerstown 2035*. This approval will conclude the three-year, in-house update to the 2008 Comprehensive Plan. All State mandated public input processes and timing of action by the Mayor and City Council have been met.

**Approval of Loan to the Doleman Black Heritage Museum (DBHM) for Down Payment to Purchase 465 Pennsylvania Avenue**

**Action:** On a motion duly made by Councilmember S. McIntire and seconded by Councilmember E. Keller, the Mayor and City Council unanimously agreed by voice vote to approve a loan not to exceed \$ 12,000.00 to the Doleman Black Heritage Museum (DBHM) for the down payment to purchase the property at 465 Pennsylvania Avenue. This site will be the future permanent home of the DBHM.

This loan represents a 10% good faith deposit to purchase the property for \$ 120,000.00. The DBHM will submit a grant request in the amount of \$ 120,000.00 to the Maryland Department of Housing and Community Development. When the grant is awarded, the DBHM will reimburse the City of Hagerstown the full \$ 12,000.00.

If the grant is not awarded, DBHM will reimburse the City of Hagerstown the full \$ 12,000.00 with terms for reimbursement to be finalized at a later date.

The Special Session was closed at 4:08 p.m.

### Maryland Theatre Update

Jessica Green, Executive Director of the Maryland Theatre, and Benito Vattelana, Board of Directors President, were present to discuss the progress of the Maryland Theatre expansion project. Community support for the project has been amazing as evidenced by over \$ 3.5 million in private pledges to the capital campaign. This important City Center catalyst project has received a \$ 5 million pledge of support from Governor Hogan. The project has also received significant support from the County Commissioners through a forward funding agreement for the Governor's pledge, committing to a daily on-site construction inspector to the project as well as providing procurement services through the County Purchasing Office. Senator Serafini has worked tirelessly on behalf of the Urban Improvement Project and gained legislative funding for the Theatre. The Maryland Theatre board is appreciative of the City's support in applying for State grants on their behalf which has already resulted in \$ 300,000 awarded, and potentially more, through DHCD.

A request for construction bids is on the street now. One of the objectives of the expansion is to provide more opportunities for rental space. There will be six spaces available, including an area large enough for conventions. Another goal of the expansion is to enhance the experience of the Theatre. An additional entrance and additional restrooms are being planned. The estimated cost of the project is \$ 13,277,000.

Ms. Green stated the Board requests the City's consideration and approval of extending the approved use of the City's \$ 500,000 commitment to not only architectural design, but also the architect's critical role in construction administration. At this time, designs costs are projected to total \$ 720,000 (split 50/50 with the County), and construction administration costs are projected to be \$ 140,000. The County has already agreed that their pledge of \$ 500,000 towards design may also be used for construction administration.

They are also requesting the Mayor and Council's consideration and support for City CIP funding for the construction of the expansion. As the City staff work to finalize the FY19 proposed budget, Ms. Green noted that every pledge of support remains important to success, whether paid in one year or over several years.

This request will be considered as the Mayor and Council work through

### Discussion on Permitting, Inspections, Code Compliance Review (PICCR) Committee Recommended Changes

Kathleen Maher, Director of Planning and Code Administration, and Paul Fulk, Neighborhood Services Manager, were present to continue the discussion on the PICCR's recommended permit and inspection practice revision ideas which were presented by Chairman Churchey on January 16, 2018.

The discussion continued with plumbing permit requirements. A recommendation was made to exempt certain replacement work from permit requirements to allow a handyman to undertake the work rather than a licensed tradesperson. A City Code revision would be required to make this change. Mr. Fulk stated multi-unit buildings have to be considered as waiving permit requirements is discussed. Staff would support waiving the permit requirement for a sink/lavatory replacement, faucet replacement, shower head replacement, toilet replacement, and dishwasher replacement with the Code stating only a single fixture can be replaced in a property within a year with a permit. If any of these fixtures are included as part of a remodeling, updating or in conjunction with any other plumbing work, these fixtures should be permitted and inspected. If a multi-unit property is replacing multiple fixtures, all fixtures should be permitted and inspected. This recommendation is consistent with Washington County.

Staff recommend against waiving the permit requirement for water heaters, regardless of the fuel/power source (gas, electric, etc.) Washington County, City of Frederick, Cumberland, and Rockville require a permit for this type of work. Staff would support waiving the application fee for the replacement of one water heater. Residential projects would realize a \$ 50.00 savings on a permit. Commercial projects would see a \$ 100.00 savings on permit fees. If more than one water heater is being replaced within a one year time period, the application fee would be applied.

Staff recommend against waiving the permit requirement for replacing existing furnaces, heat pumps, HVAC equipment, etc. Staff have observed these installations to be done incorrectly creating hazards. Washington County requires a permit for this type of replacement work.

Work that is currently exempt from permits are replacement of light fixture for light fixture, replacement of a switch for a switch, replacement of a ceiling fan for a ceiling fan. Staff recommend against exemption from permits replacement of ceiling light for ceiling fan because of attachment issues, height of fan blades from the floor and proximity to smoke alarms. Washington County and Frederick County require permits for this work. The City of Frederick requires permits if wiring is changed.

PCAD and Fire staff recommend against exempting replacement of electrical outlets from permits. State Code requires new outlets and replacement outlets to be AFCI protected which staff recommend should be completed by a licensed electrician. Staff recommend that the replacement of a regular outlet to a GFCI outlet be permitted and inspected to verify correct circuit protection is in place to prevent electrical shock. In addition, the Fire Department has concerns about overloading of circuits which can lead to overheated components. Currently exempt from a permit is the replacement of a grounded outlet in a bathroom to a GFCI and replacement of an existing GFCI in a bathroom, uninhabitable area, or outdoors. Washington County and Frederick County require permits for this work. The City of Frederick requires permits if wiring is changed.

Councilmember Aleshire suggested using the City of Frederick's language requiring a permit for certain work. He stated a common comment to the Mayor and Council is that Hagerstown is stricter than other local permitting groups.

Councilmember Heffernan does not want Hagerstown to be like Frederick. He wants Hagerstown to be known for being easy to do business with.

Mr. Fulk stated many other jurisdictions report hearing that Hagerstown is easier to work with than they are.

Councilmember Keller stated the City of Hagerstown needs to be viewed as the best organization to work with.

Ms. Means stated the language should be specific and clear, with no "gray" areas.

Councilmember Heffernan pointed out delineating clearly and succinctly what a property owner can and cannot do without a permit will make the process easier.

Councilmember Metzner disagrees with requiring a permit for a ceiling fan. He asked if a permit is required to install a smoke detector. He asked what type of smoke detectors are required in rental units. Mr. Fulk indicated it depends on how many units are in the rental property. Councilmember Metzner wondered how many homeowners are aware there are regulations for how close a smoke detector is to a ceiling fan.

Councilmember Aleshire reported the State Code specifies the locations and determines the parameters.

Mayor Bruchey supports requiring a permit only if wiring is changed (like the City of Frederick does) for the replacement of fixtures, switches, and outlets. He does not think a permit exemption should be limited to one per year for the items discussed.

Councilmember Keller stated if the City of Hagerstown was easier to work with, people wouldn't be afraid to obtain permits. They don't want the City inspectors in their buildings.

Councilmember Aleshire asked how an emergency water heater replacement on a weekend is handled. Ms. Maher and Mr. Fulk stated this is a common occurrence and the plumber will pull a permit on the next working day and staff inspects the work at that time.

Councilmember McIntire would like to see a plan for how the public will be informed of the changes that are being made. She stated the perception that the City is difficult to work with has to be changed.

Councilmember Metzner suggested asking customers for feedback. Ms. Maher and Mr. Fulk indicated this has been available for customers for several months through an online survey provider. The surveys are anonymous. Councilmember Metzner stated the

Mayor and City Council need to see the results of the surveys. Councilmember Aleshire is not interested in reviewing the responses in an open session.

It was noted that the Code and Inspection division staff has completed customer service training in an effort to change the perception many customers have.

Councilmember Keller stated she knows the Code and Inspection staff are doing a good job but so many people share the same negative story of dealing with the City of Hagerstown that the problem has to be more than perception. There needs to be honest conversations about why the complaints are still being made. Part of the conversation has to be how to fix the problem.

Councilmember McIntire stated she hears from developers that they don't want to work in Hagerstown. People say staff is courteous but not helpful.

Councilmember Aleshire thinks the rental registration program and inspection programs need to be separated from redevelopment efforts within the City. There are criteria that have to be met, but an inspector can't pick apart everything in the surrounding area when they are conducting a specified inspection.

Mayor Bruchey relayed that he was told an inspector arrived for an inspection last year and noticed studs that weren't on the architect plan. The inspector did not complete the inspection. Councilmember Aleshire stated the inspection should be completed, but the architect plan should be revised. Mr. Fulk indicated that occurrence has been addressed. Councilmember Aleshire thinks approving something that the architect says is not right creates a potential liability issue for the City.

The following is a summary of the consensus for permitting requirements:

1. Exempt plumbing permit for replacement of kitchen and bathroom fixtures
2. Require permit for water heaters
3. Require permit for replacement of furnaces, HVAC, and heat pumps
4. Require permit for replacement of fixtures and switches and outlets from Electrical Permit only if wiring is changed
5. Issuing demolition permit with MDE Review and Sign-off
6. Field Revision Without Architect
7. Continue issuing Temporary Use and Occupancy certificates if work is outstanding on a project.
8. No Associated Trade Permits required for residential building permit except for illuminated signs, swimming pools, and solar panels

Councilmember Metzner stated City staff have an obligation to do something about unsafe conditions. Councilmember Heffernan stated true health and safety issues must be addressed immediately.

Councilmember Keller receives many complaints that some inspectors seem to try to find a reason to deny a permit/certificate.

Mayor Bruchey stated the survey results could indicate an issue with an individual employee. Ms. Means stated if there is an employee issue, the Department Head will address the individual if necessary.

Ms. Maher stated staff members pride themselves in being the best in inspections. It is frustrating that complaints are not reviewed with City staff in order to have all the information.

### Neighborhood Services Code Amendments

Kathleen Maher, Director of Planning and Code Administration, and Paul Fulk, Neighborhood Services Coordinator, presented proposed City Code amendments to remedy code deficiencies related to collection of unpaid fees, enforcement of overgrown vegetation on private properties and within public rights-of-way, and follow-up from August 15, 2017 on proposed Rental Licensing program code amendments.

From time to time, property owners are non-compliant on payment of annual license fees for Chapter 89, Donation Bins, and Chapter 197, Rental Facilities. These chapters allow the liening of fines and late fees, but not the license fee for those programs. Staff is proposing amendments to Chapter 89 and 197 to allow the City to lien unpaid license fees on the real property tax bill for the property or to collect unpaid fees through other civil proceedings.

Chapter 185, Nuisance Abatement, is the City's weeds, trash and debris ordinance. Nuisance focuses on weeds rather than other overgrowth, such as shrubs, vines and trees and is specific to the premises or property. The code is silent regarding the obstruction of public rights-of-way. This definition is silent on the matter of leaves obstructing sidewalks in the public right-of-way. Proposed amendments to Chapter 185 include adding other overgrowth and leaves in the public right-of-way to the definition of Nuisance.

Chapter 197, Rental Facilities, was adopted in 2003 for the purpose of protecting and promoting the public health, safety and welfare of the citizens of Hagerstown, establishing rights and obligations of the landlords and tenants in the rental of dwelling units, and encouraging the landlords and tenants to maintain and improve the quality of rental housing within the community. An additional purpose is promoting and assuring the safety, health and habitability in the housing conditions in rental facilities in the City, preventing deterioration of rental facilities in the City, supporting property values, and encouraging responsible management and use of rental facilities through licensing and inspection. Periodic adjustments have been made to the program over the years, most recently in late 2016.

Chapter 197 is focused on dwelling unit and rooming house facilities and is silent on housing in the form of dormitories, homeless shelters, and residential treatment facilities. Councilmember Aleshire has expressed concerns about this oversight in the past. 24% of

the licensed rental units in the City have never had interior inspections because the owners or property managers fail to report tenant turnovers.

As proposed in November, 2016, and presented again in August, 2017, staff proposed the following amendments at this time to address more urgent needs or to clean up oversights in the ordinance:

1. Modify the definition of Rental Unit to include dormitory, homeless shelter, and residential treatment facility
2. Add license fees for the dormitories, homeless shelters, and residential treatment facilities
3. Modify inspection frequency to be a schedule rather than at tenant turnover
4. Create section giving the City the right-of-entry via an administrative warrant if access is denied
5. Exemption for completely updated existing dwelling units

Councilmember Metzner stated it seems some landlords decide they don't care about the condition of their rental units and are not concerned about the violations and fines. He thinks a process is needed that would prohibit these landlords from owning or operating a rental property until the violations are addressed.

Councilmember Heffernan stated the entire property should be shut down, not just the unit in violation.

Councilmember Aleshire reminded everyone the City was accused of being heavy handed when the crime free ordinance was enacted. After one year of that program, 15 properties actually fell within the parameters of the fine schedule. The amendment to include the rental license fee to the allowable liens on a tax bill provides a way to address non-compliance when there is no other recourse.

Councilmember Metzner asked if interest is charged on unpaid license fees. Mr. Fulk indicated there is not, but there are late fees assessed. Councilmember Metzner wondered if the possibility of including a judgment (which includes 10% interest) would be effective in gaining compliance. Ms. Maher stated an amendment to the ordinance prohibiting rental of the unit if the license fee is not paid may be more effective.

Councilmember Metzner would like a report, in closed session, of the individuals who are considered trouble landlords. These landlords are making the good landlords look bad.

Councilmember McIntire wondered if the good landlords could be rewarded, such as with a multi-level licensing fee.

Councilmember Keller stated someone suggested a \$ 75.00 fee that would double each year after the second year of non-compliance. She also wondered if a fine disclosure statement could be included in the selling documents.

Councilmember Heffernan asked if a list of rental properties in non-compliance could be published, which might shame some of the violators into compliance.

Mayor Bruchey pointed out the ordinance doesn't address the weeds between the curb and the street. These areas need to be addressed by the City before violations are issued to property owners for weeds.

Councilmember Keller thinks homeless shelters should be registered but not be required to pay a license fee. The shelters are already crowded and she would not want a license fee to add to their financial challenges and possibly close. Homeless shelters should also have different inspection standards than other residential units. The Mayor and Council's job is to create an environment that protects all citizens.

Councilmember Metzner stated the easiest way to handle a fee is to charge everyone, rather than waiving fees for some. A donation could be made in the amount of the fee to the organization. This would provide consistency within the fee structure.

Mayor Bruchey asked why the rental inspection schedule is set at every three years. He thinks it should be a longer time. Ms. Maher indicated the timing would allow interior and exterior inspections to occur at the same time. Councilmember Keller asked if a letter could be sent to property owners notifying them when an inspection will occur.

Councilmember Keller likes the idea of a tiered reduced fee for properties repeatedly in compliance. People who follow the regulations should be rewarded.

Ms. Maher indicated there is contact made with property owners when a turnover without inspection is discovered.

Councilmember Aleshire thinks the concept of recognizing good landlords is good. The details need to be discussed.

Mr. Fulk reported he will be visiting other jurisdictions to see how they are implementing similar programs.

A draft ordinance will be drafted for the Mayor and City Council's review of the proposed amendments as discussed.

#### Eastern Boulevard Road Fee District Program

Kathleen Maher, Director of Planning and Code Administration, provided background information of the Eastern Boulevard Road Fee District Program that was adopted in 2004.

The program was intended to raise revenue from development along the Eastern Boulevard corridor in anticipation of a future City project to widen Eastern Boulevard to accommodate growing traffic pressures on this major north-south arterial along the eastern side of Hagerstown.

The district stretched from Dual Highway north to Hillside Manor and affected city properties at MKS Business Park, Centre at Antietam, Hillside Manor, Kensington Commercial Park, Light Business Park, and Ben Shaool's annexation across from Hillside Manor.

The Road Fee was established to be assessed at the building permit stage of development and is based on the number of dwelling units and the number of square feet.

The road widening occurred in FY 2008-FY 2009 at a total cost of \$ 5.2 million. \$ 4.7 million was bond funded via three bond issues and the annual debt service was \$ 375,000 per year. It was anticipated that the Road Fee District Program would raise \$ 1.3 million to offset the cost of the road widening.

Fourteen years following adoption of the Eastern Boulevard Road Fee District Program, the City collected less than a third of the revenue anticipated from this program. However, at this point, the increased property tax revenue from development in this district more than covers the annual debt service on the road widening project.

Various economic factors have stalled development in this corridor in the last 7-11 years. The economic downturn, competition from County suburban sites, and the disadvantage vacant parcels in this area of the city face given the double taxation issue and the Road Fee. Nothing has been built in MKS Business Park since 2007, in Hillside Manor since 2011, or Kensington Commercial since 2011.

Staff deems 14 years as more than an adequate period of time to attempt to recoup road widening expense through this Road Fee District program and would recommend sunsetting the program to stimulate new economic development activity.

It was the general consensus of the Mayor and City Council to move forward with sunsetting the program.

#### FY2018/19 Budget Review

Valerie Means, City Administrator, and Michelle Hepburn, Director of Finance, provided an overview of the proposed FY 2018-2019 budget. Ms. Means commended and thanked the Finance Department and the Management team for their efforts with the FY 2018-2019 proposed budget.

Staff begin developing the budget in November in order to have a balanced, proposed budget for presentation to the Mayor and City Council by March 31. Per the City Charter, the budget must be approved by June 1 of each year. A Public Hearing will be held on May 15, 2017 for the tax rate and the proposed budget. Introduction of ordinances for both the tax rate and the proposed budget will be scheduled for introduction following the Public Hearing.

The proposed General Fund revenue of \$ 45.409 million for FY19 represents a 3.2% increase over the FY18 budget. The primary reasons for this increase in General Fund

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revenue is: \$1,719,892 growth in Property Tax Revenue as a result of an estimated 1.0% growth in assessed values, 0.8 cent tax rate adjustment to constant yield, and a potential tiered tax rate that is equivalent to an overall 3.0 cent tax rate increase; change in quarterly trash/recycling fees reflected in Charges for Current Services; and Speed and Red Light programs in Fines & Forfeitures. There are offsetting decreases and the largest one is the utilization of accumulated fund balance reserve.

The change in the Proposed General Fund Budget for expenditures in FY19 totals \$ 1,441,617 representing a 3.3% increase in expenditures from the revised FY18 Budget of \$ 43,966,578. The total General Fund expenditure increase is primarily a result of the following: approved union contracts and potential salary enhancements for all employee groups, increased overtime costs in public safety, rising employer paid benefits costs for State of Maryland pension contributions, police and fire pension contributions, and employer related payroll costs associated with salary increases, increases in contractual services related to the trash/recycling contract and legal and other professional fees, rising debt service costs, and transfers from general fund for capital related projects.

When staff met with Mayor and Council in work session to review the working FY19 budget status on February 6, 2018, we were facing a challenging deficit just as we were last year for FY18 and very close to the FY19 projection. After this work session, the department heads and Ms. Means went back to the initial budget numbers and reviewed all operational line items, capital projects and revenue streams. Due to the multiple years of very lean operations and repeated capital deferment, there were no areas where staff found substantial cost reductions that could occur without full elimination of services. Full elimination of services would have included reductions in associated personnel costs as well as other operational costs and capital items. Without reduction in services, staff worked until they could present a balanced FY19 budget. This was accomplished last year in a similar manner by utilizing a shared blend of expenditure reductions and deferments, capital deferments, use of General Fund reserves and a proposed property tax increase in the amount of \$ 776,000. The \$ 776,000 is needed to maintain services at the current levels and meet union contract requirements and other expenses.

The 2018 Constant Yield Tax Rate notice from the State Department of Assessments and Taxation indicates a July 1, 2018 Constant Yield Tax Rate of \$0.9418 per \$ 100 of assessed value. This is higher than the current tax rate of \$0.9410 per \$ 100. This is the second year of the new Triennial Assessment. Based on this notice and July 1 snapshot, the net assessable base for the coming fiscal year will decrease by 0.09% over the current fiscal year which is relatively flat but still not moving in the right direction for fiscal sustainability. The first step will be to increase the current rate to the constant yield. The proposed FY19 budget makes this assumption and is included.

There have been initial and preliminary discussions regarding a tiered tax rate option. Creating a tier between all owner occupied verses non-owner occupied properties is another option.

Councilmember Heffernan noted there had been software issues and being able to differentiate between the numbers of rental units within the non-owner occupied

classification. Staff stated there has been progress made in determining the level of delineation from the State Department of Assessment and Taxation. The software used is limited in the ability to separate the non-owner occupied classification in as much detail as first thought. Discussions are being held with SDAT for further possibilities.

Councilmember Heffernan stated he can justify a higher tax rate for properties with 4 or more units because of the additional draw on City services.

Councilmember Aleshire stated a message about the tax rate should be delivered in a way that shows what the impact of a change in the rate would mean in dollars and cents to the property owner, rather than in percentages.

Councilmember Keller stated an interactive calculator on the website where people could see where their tax dollars are spent may be easier to understand.

The FY19 proposed budget includes 477 full-time positions with 331 in the General Fund and 146 in other funds and operations. There are 25 unfunded positions with 15 unfunded in the General Fund and 10 unfunded in other funds and operations. This makes a total of 452 funded positions city-wide. There are no new positions included in this proposed budget. There are also no reductions in staffing projected.

Historically, City employees are given a competitive compensation package. It should be noted that the cost of wages, associated payroll taxes and benefits continues to be the largest segment of the overall budget. This is not unexpected as the City is a service provider. Multi-year contracts were negotiated and approved last year for three of the City's bargaining units: AFSCME 3373, AFSCME 1540, and IBEW 307. For IAFF 1605, a one year contract was reached and contract talks are currently being held with this fourth union group.

The proposed FY19 budget will be reviewed in more detail during future Work Sessions.

### **CITY ADMINISTRATOR'S COMMENTS**

*Valerie Means, City Administrator*, had no additional comments.

### **MAYOR AND COUNCIL COMMENTS**

*Councilmember S. McIntire* spent the day in the Customer Service department yesterday. She commended the Customer Service representatives for remaining calm and attempting to work with customers during difficult discussions. She suggested looking at installing a self service kiosk as an alternative for customers to pay their bills.

*Councilmember L. C. Metzner* finds it discouraging that the Health Department is ending its addiction treatment service in the middle of an addiction crisis. During the State of the County, it was highlighted that there have been no tax increases in 18 years.

He would rather take the City's approach and maintain vital services, even if means increasing the tax rate.

*Councilmember A. Heffernan* stated the issues with the City's budget have to be addressed.

*Councilmember K. B. Aleshire* noted the City provides about 38 cents of the tax rate to fund public safety. If the County had to recreate the fire system today, it would cost \$ 50 million. To address the current needs of volunteer stations, the cost would be an additional \$ 10 million to \$ 15 million. A conversation with the County Commissioners about this situation is long overdue. He does not think the existing differential is fair to City taxpayers partly because there is no consideration for the fire coverage.

*Councilmember E. Keller* agrees a discussion with the County Commissioners about the fire service issue is needed. She expressed her concern that State funding for the addiction treatment service offered by the Washington County Health Department is being eliminated. Washington County receives the lowest amount of funding, yet overdoses and deaths are increasing.

*Mayor R. E. Bruchey, II* thanked City Administrator Valerie Means and the Finance Department for their work on the proposed budget.

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 7:16 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: May 22, 2018