

WORK SESSION – JANUARY 29, 2013

Mayor D. S. Gysberts called this Work Session and Budget Retreat of the Mayor and City Council to order at 4:03 p.m., Tuesday, January 29, 2013, 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, P. M. Nigh; City Administrator Bruce Zimmerman, City Attorney Mark Boyer, and City Clerk D. K. Spickler.

Sora Proposal

Mark Boyer, City Attorney, stated he understands the planning phase for the Sora Development proposal may be \$ 1 million. The planning may involve several different agencies and organizations.

The City's purchasing policy typically requires a formal bid process for materials and supplies. However, the policy allows a waiver from the bidding requirements for professional and technical services for sole source vendors, emergency situations and justification by staff. Any waiver of the policy must be approved by the Mayor and City Council in public session.

Councilmember Metzner does not recall public meetings waiving the requirements. He used the examples of the City Attorney contract and wholesale energy contracts.

Mr. Boyer indicated it should be explicit in the approval of the contract that the bidding process has been waived. He would recommend waiving the bidding process for this proposal, if the Mayor and Council wish to proceed with Sora Development, because of the potential of partnerships with the State of Maryland and the Washington County Commissioners to expedite the contract. He stated the first step would be to identify who would be participating in the contract and then determining how to expedite the procurement processes for each.

Councilmember Brubaker stated he believes the City's request for proposals process would be relevant for a proposal of this nature.

Councilmember Aleshire stated identifying the groups involved in this project is extremely important. He does not envision this project being a largely City direction. The elected officials, from the City, the County, the Washington County Delegation and the Board of Education, all need to be equal partners from the outset. Other partners could be included as the project progresses, such as the Chamber of Commerce, CHIEF, the Hagerstown Suns and others. A request has to be made to the State for inclusion in the budget very soon.

Councilmember Brubaker needs more details about what Sora is proposing before supporting any expenditures.

Mayor Gysberts stated everyone has to understand what Sora Development is

offering. He has requested details from Sora Development. He agreed with Councilmember Aleshire's suggestion to meet with other elected officials.

Councilmember Metzner stated the County will be a major funding partner. The City should meet with the County as soon as possible. A request for funding should be made to the State during this legislative session. A request should also be submitted for assistance with funding for demolition of the MELP building. Sora should be asked how much they are planning to contribute to the project. He does not think a full plan has to be complete in order to approach the State for funding assistance. He suggested if the County would split the planning phase costs with Sora, a solid proposal could be presented to the State in the next session. He wants to find out if the County will still commit \$ 400,000 for 20 years, as indicated for downtown redevelopment with the MUSEC project, as soon as possible.

Mayor Gysberts will request a meeting with the County Commissioners. He asked the Council if they think a stadium or multi-use facility is an important component of an overall redevelopment plan, including upgrading Municipal Stadium.

Councilmember Metzner stated he supported the MUSEC project for downtown redevelopment. If a majority of the Council do not think downtown is the appropriate site for a stadium, he is still supportive of downtown redevelopment. There are other things that could be done downtown.

Councilmember Brubaker stated he thinks a stadium downtown would be a catalyst for other uses. He does not think it would have the same impact if it was located in the east end of town. Downtown redevelopment must take place.

Councilmember Munson stated a stadium project is essential and it should be an independent project. Whether the Suns remain in Hagerstown depends on whether or not the stadium is completed. He expects the County Commissioners will be positive about this project.

Councilmember Nigh stated she is looking at redevelopment in Hagerstown, not just focusing on downtown. She is focusing on what Sora proposed. Their proposal branches out from downtown and includes the east end. She is not opposed to keeping the Suns in Hagerstown. The Suns should contribute to the project as well.

Councilmember Aleshire stated downtown is positioned as a catalyst for educational opportunities. He thinks downtown is the appropriate place for education. The east end is more suitable for open, recreational places. The projects are not mutually exclusive.

Councilmember Metzner stated the Suns should be asked what they expect from the City. He would rather have a class affiliated baseball team. This elected body is taking very seriously the redevelopment of downtown.

Mayor Gysberts stated he believes Bruce Quinn (majority owner of the Hagerstown

Suns) is a willing partner and he wants to stay in Hagerstown. Staff has asked to have Ripken Design discuss locations with the Mayor and City Council. The City has to find a way to increase revenue without raising taxes. One way to do this is to increase property values. Increasing property values is a goal of a redevelopment project. He asked if Councilmembers think the former hospital site is located in downtown. Most said they did not. Mayor Gysberts stated it will be important to determine where downtown begins and ends as part of a complete redevelopment effort. Mayor Gysberts believes the former hospital site would be an excellent location for a stadium.

Councilmember Munson stated the public expects the Council to move as quickly as prudent with redevelopment.

Mr. Boyer indicated a reasonable time frame for the bidding process is about 60 days. He stated the City will definitely have to bid out the construction work, when that time comes.

It was agreed that Ripken Design would be scheduled for a general discussion on potential sites and their impact on downtown.

Councilmember Munson stated something needs to be done to encourage people to visit downtown.

Mayor Gysberts stated marketing of downtown will have an impact. Transportation would have to be provided to downtown from the former hospital site.

Mark Boyer left the meeting.

Councilmember Metzner left the meeting.

Budget Retreat

Bruce Zimmerman, City Administrator, Michelle Burkner, Director of Finance, Michelle Hepburn, Budget Officer, and Kathleen Maher, Planning Director, were present to provide preliminary financial information for the FY 13/14 Budget. Staff will be finalizing budget projections and other financial information over the next two months. The Mayor and Council will receive a complete and comprehensive FY 13/14 Proposed Budget by March 31, 2013. They will then have time to review and amend the budget during April and May. The City Code requires the Mayor and Council to adopt the FY 14 Budget by May 31st.

The City faces a more challenging budget scenario for next year which is reflected in the material being presented. Some of this was anticipated a year ago as staff looked beyond the current year's budget, but the challenge has grown in size for a number of reasons.

Mr. Zimmerman stated demands are placed on the City's resources by the community

and projects. Last year, it appeared the City was in stable condition, with property tax revenue stabilizing, expenditure adjustments being made and no further loss of revenue from the State and County. It was hoped that provisions could be made for employee wage adjustments in the FY 14 budget. Revenues anticipated for FY 14 remain flat, creating a more challenging scenario. The real estate triennial assessment will take place during FY 14. It is anticipated that property tax revenues will remain flat or decrease slightly.

Ms. Maher reviewed the 2011 ACS Census Data. Population was 39,662, with a median age of 35.5. Median household income is \$ 36,806. More than one in five (22.1%) of the City's residents were living below the poverty level. The County rate is 11.6%. About 17% of residents did not graduate from high school and only one in six (16.4%) of residents over 25 have a bachelor's degree or higher.

Compared to Cumberland, Chambersburg, Pennsylvania, Martinsburg, West Virginia and Waynesboro, Pennsylvania, Hagerstown had the lowest median family income and the highest below poverty rate.

The City issued 240 residential building permits valued at \$ 6.14 million in 2012, including 34 new housing units. Since 2009, new housing starts have been at or below mid-1990's levels. During the height of the boon in 2004-2006, the City had new housing starts of 395-675 per year. The City issued 255 commercial building permits in 2012 valued at \$ 35.7 million. A number of regional and national chains opened on the Dual Highway. Medial construction included Antietam Pediatrics on Omega Drive, The Professional Center on Eastern Boulevard, and First Choice Pediatrics on Pennsylvania Avenue. A site plan was approved for Trilogy II Office Building on Imperial Drive.

Downtown renovation projects included the Wareham Building, 138 W. Washington Street, Mulberry Lofts, 22 N. Mulberry Street, 140 S. Potomac Street, 36-40 N. Potomac Street (by the City) – creating four artist loft housing units, and 56-58 W. Washington Street (by the City) – creating space for USMH.

Councilmember Aleshire asked for statistics for the senior population and where there is a high concentration of subsidized and public housing. He also asked for information about where the demographics impact the City's ability to provide services. He stated comparing Hagerstown to other municipalities could provide ideas for programs that would improve the demographics of Hagerstown. He asked if any, excluding Bester Elementary School, of the commercial building permits were for non-profit entities. He would like a list of businesses and entities that have left the City, with an explanation as to why. It is important to note where new businesses are locating within the City limits. He does not want the City to become a purchaser and developer of properties. The idea is to purchase a building and sell it to someone else.

Councilmember Brubaker stated the previous administration and staff worked hard to increase the assessable base and discussed incentives for viable plans in certain areas. The City has to keep working on increasing the tax base and making wise use of the

utility policies.

Mayor Gysberts agreed. He stated it would be helpful to have additional details with the census numbers.

Councilmember Brubaker pointed out cities linked to the metro areas have been able to adopt policies for certain kinds of housing.

Councilmember Munson stated the information provides a good snapshot of what challenges the City is facing.

Councilmember Nigh stated there a number of group homes in Hagerstown, which contributes to the low income base. She asked how many non-profit groups own property.

Mayor Gysberts wondered if the City is taking on more of the County's poor.

Mr. Zimmerman stated the City's FY 12/13 General Fund Revenue of \$ 36,735,414 reflects a \$ 3,801,065 reduction from the FY 09/10 revenue. The City is operating with 9.4% less revenue than two years ago. After experiencing a \$ 2,859,709 revenue decline in FY 10/11 and a \$ 1,738,386 drop in FY 11/12, General Fund revenues increased \$ 797,030 in the current year, partially due to the implementation of the Safe Speed for Students Program and also as a result of the budget condition stabilizing after two years of major revenue loss.

This year, the City is operating with 16 unfunded positions in the General Fund and 15 unfunded positions in other City operations for a total of 31. This reflects a drop in unfunded positions as the Mayor and Council recently authorized staff to fill 3 Fire Department Captains with Safe Speed for Students Program revenues, and 5 police officer positions that were funded by a Federal grant. While unfunded positions have been reduced, the City continues to operate with significantly fewer positions than before the economic recession.

Hagerstown's current property tax rate of 78.8 cents per \$100 of assessed value has remained the same since FY 08/09. Next year will be the third and final year of the current triennial assessment of property values in Hagerstown. The next triennial assessment will be performed in December 2013. The recent December 2012 assessments in other areas of Washington County reflected an average decrease of 10.5% in residential values and an average increase of 8.5% in commercial values. It is important to note that the City's FY 14/15 budget will be impacted by next December's triennial assessment of properties in Hagerstown.

The City's bond ratings were upheld by both Moody's and Standard & Poor's in July, 2011. Both ratings are classified as excellent.

City employees have not received a cost of living wage adjustment for four

consecutive years. Funding is included for a COLA in the preliminary projections for next year's budget and staff believes it is necessary after four years to provide COLA's for employees. However, this will need to be discussed further with the Mayor and Council in light of the likely need for a property tax rate increase to implement and contingent on collective bargaining negotiations. Due to revenue constraints, the preliminary budget for next year does not include funding for employee step increases. FY 13/14 will be the fourth consecutive year that employees would not receive a step increase. Staff would like to reinstate step increases in the coming year, but will need to discuss it further with the Mayor and Council.

Staff has not included any funding for the Sora Project in the preliminary budget projections. Once the scope and schedule for the project become clearer, adjustments can be made to the budget.

Staff is anticipating a City bond issue for this coming spring/summer. This is the bond issue initially discussed with the Mayor and Council last year, which was then tabled due to uncertainties over the MUSEC Project. This bond issue is intended to provide funding for both General Fund and Enterprise Fund projects and does not include funding for the MUSEC project.

Hagerstown had very good experience with managing the cost of its employee and retiree health insurance programs in the past several years. However, since the health insurance is a self-insured plan, funds are budgeted annually based on claims experience. The projected increase for the medical plans for July 2013 is currently at 8.9%, which is a preliminary estimate. The projected dental plan increase is about 5% and the projected increase for workers compensation is 5%.

The State of Maryland has increased the employer's contribution toward pension funding in the State's Retirement Program from 8.99% to 10.00% in the coming fiscal year. Employee contributions are anticipated to remain at 7%. For the City's Police and Fire Pension Program, the employer's contribution in the coming year is currently anticipated to increase from 11.29% to 12.20%, with the participants contributing 7%.

Governor O'Malley's proposed FY 14 budget as presented earlier in January restored statewide Highway User Revenue distributions to local governments to about 50% of historic funding levels. These funds have been placed in the budget projections and allocated toward capital improvement infrastructure projects in the Capital Improvements Project Fund, primarily pavement preservation. In addition, the Governor's proposed budget restores State Aid for Police Protection grants for Maryland municipalities to full funding at \$ 9 million.

FY 14 represents the final year of the five year schedule for Water and Wastewater rates approved by Mayor and Council in 2009. This means that later this calendar year, the Mayor and Council will need to contemplate rate adjustments of the Water and Wastewater operations to take effect in FY 15. Staff would recommend that the City continue to adopt these rate adjustments on a multi-year basis as opposed to annually.

Councilmember Aleshire commented that he views staffing in the enterprise funds differently than in the general fund. He would support reinstating the unfunded positions in the utilities. He does not want to discuss a tax increase within two months of taking office, especially without looking at other items for funding of either COLA increases or reinstating the steps. He mentioned a group in Frederick County that studied ways to create efficiencies. He thought this would be beneficial in Washington County as well. He noted a number of municipalities have not implemented regulations for the mandated stormwater management.

Ms. Burkner stated vehicle and equipment purchases have been deferred for three or more fiscal years due to budget constraints. In the current year, there was some restoration of limited funding for these purchases to ensure the fleet remains in proper operating condition. However, purchases are continued to be deferred beyond the next fiscal year due to ongoing revenue constraints.

Budget projections prepared during the FY 13 budget assumed the implementation of a Stormwater Management Fee midway through fiscal year 2014. At that time, the amounts included in General Fund Revenue were an estimated \$ 750,000 for approximately six months of FY 2014 and \$ 1,500,000 for a full year in the following fiscal years. This has been removed from next year's budget and the following years pending further discussion with the Mayor and Council and clarification from the State regarding this unfunded mandate.

There is \$ 800,000 included, as a lump sum, in the General Fund expenditures for next year to provide for a cost of living adjustment, possible restoration of funding for some of the currently unfunded positions, and costs resulting from the collective bargaining sessions scheduled with all four labor unions later this year.

Ms. Burkner indicated the FY 11/12 budget reflected an 8% or \$ 2.2 million decrease in property tax revenue as a result of the triennial property value assessment. In addition to the drop in real estate property tax revenue, the actual results for FY 11/12 reflected a significant decline in corporate personal property tax. This decline had not been anticipated in either the FY 11/12 or FY 12/13 budgets. Total property tax revenue will be less than budgeted by an estimated \$ 655,000 in FY 12/13. As future budgets are prepared, the effects of the upcoming triennial reassessment on real estate and the weakening corporate personal property tax revenue will have to be taken into consideration.

The City has avoided a property tax rate increase for the past three fiscal years, despite the loss of major revenues. Operations have been adjusted, staffing has been lowered and expenditures have been reduced. The loss of State, County and property tax revenue has been offset almost entirely through expenditure reductions. Hagerstown will need to give consideration to the likely need for property tax rate increase in the coming year, if the elimination of the stormwater management fee, the decline in corporate personal property tax revenue, cost of living adjustment for employees, prepare for the December 2013

triennial reassessment, and fund Mayor and Council community based priorities is to be offset.

Councilmember Aleshire asked if a different type of utility tax has ever been considered.

Mr. Zimmerman mentioned there is \$ 400,000 in the budget for the support of the combined 911 Center. The County Commissioners had said their funding for the MUSEC project would be the \$ 400,000 annually. The City would not be required to make the annual payment for the 20 years. The proposed budget does not include this County income, due to the uncertainty over the scheduling and timing of a project.

The FY 12/13 budget for Safe Speed for Students revenue is \$ 600,00 and is offset by \$ 353,828 in direct operating expenditures. Actual amounts being projected in FY 12/13 will be \$ 1,350,560 for revenues and \$ 608,915 in direct operating expenditures. For FY 13/14, the budget for Safe Speed for Students revenue is estimated to be \$ 1,510,560 with \$ 643,072 in operating expenses.

Revenue for the Safe Speed for Students program must be used for public safety expenditures and can supplant existing general revenues. As a result of this program, the Mayor and Council have approved hiring one full-time police officer to operate the system, purchasing a police vehicle for the officer, and hiring three fire captains. In 2013, the Police Department plans to fund the reinstatement of the Cadet program with this revenue.

Efforts continue to support neighborhoods and maintain the quality of streets and bridges. The following is a list of some planned projects:

Neighborhood Support

1. Route 40 Sidewalk Installation
2. Frederick Street Culvert extension and sidewalk construction
3. Finish Memorial Park Phases I and II
4. Bike Grant: Park Circle path and Summit Avenue bike lanes

Street and Bridge Projects

1. Burhans Bridge Rehabilitation
2. Broadfording Road Reconstruction
3. Pavement Preservation Program
4. Bridge Maintenance Contract

Each penny on the real estate tax rate generates additional revenue of \$ 250,000. Each penny on the personal property tax rate generates additional revenue of \$ 11,000.

Councilmember Aleshire asked where the funding for the demolition of MELP is listed. Ms. Burkner stated it is in the capital improvement budget.

Ms. Burker reported the preliminary budget numbers show a \$ 1 million deficiency of revenues over expenditures.

Mr. Zimmerman stated there are no new positions included in the preliminary budget, except for the three fire captains and one police officer previously approved by the Mayor and Council.

Councilmember Munson asked how long vehicles are kept in the fleet. Ms. Burker indicated the length of time a vehicle is kept depends on its use and condition. Funding is included for two fire vehicles in the next two budgets. Mr. Zimmerman stated police cruisers probably have the highest mileage. Vehicle replacement can only be deferred for a limited time. Many vehicles, such as dump trucks for snow operations, are critical to perform City services.

On the FY 2011 Bond Issue, the City received a rate of 2.89% over a 20 year period. This bond issuance was for Water Fund and Wastewater Fund projects only. The total amount of the Bond Issue was \$ 5,980,000.

Preliminary estimates for a new bond issuance to cover capital improvement needs for FY 13 total approximately \$ 4.2 million for all funds. Finance would begin this bond issuance process in Spring 2013 to have the actual issuance completed by June 30, 2013. The areas that are included at this time are: General Fund (\$,1024,427); Parking Fund (\$100,000); Wastewater Fund (\$1,125,000); and Water Fund (\$1,905,000).

Additionally, a preliminary bond issuance is included in the FY 14 budget that totals approximately \$ 4.2 million. The breakdown of this anticipated issue is: General fund (\$1,082,980); Water Fund (\$2,440,600) and Wastewater fund (\$ 717,000).

There may be some direct and indirect impacts on federal spending cuts as part of the on-going fiscal cliff discussions. At this time, it is possible that the bond market interest rates will increase.

Councilmember Aleshire suggested keeping the money from the sale of the former Army Reserve Center in reserve to cover costs for the demolition of the MELP. Mr. Zimmerman stated the revenue is being held in reserve and staff understands the Mayor and Council want to use it to fund a one-time expense.

Councilmember Brubaker is concerned about future budgets due to anticipated decreases in revenue.

For FY 14, the Community Development Block Grant assumes a 10% reduction in the Federal Government's funding of the annual entitlement received by the City of Hagerstown. Since FY11, the City's entitlement has decreased by approximately 40%.

Administrative personnel costs associated with various activities are projected to be lower as compared to the previous fiscal year. Although the decreased entitlement will

create a lower administrative cap, it is anticipated that CD will stay within the required cap in future years.

According to the guidelines established by the Federal Department of Housing and Urban Development, CDBG supported public services are permitted to be funded up to a maximum of 15% of the current year entitlement plus program income received in the previous program year. FY 14 public service requests received currently total \$ 250,000. However, with the anticipated cut in federal funding, CDBG supported public services are expected to only be funded at \$ 105,000 or less in FY 14. In FY 13, the City budget included funding for \$ 135,000 in public service requests. In addition to funding requests for public services, the City has received requests for FY 14 CD funding of an additional \$ 412,000. Most of those requests are for housing rehabilitation programs, public facility construction/renovation and other housing initiatives.

For FY 14, public facilities are expected to include funding for handicap accessible curb ramps to continue to create a more walkable and accessible sidewalk system. In order to provide more green space and recreational facilities, funding is being provided in the current fiscal year for the development of parks in the City.

For FY 14, housing expenditures will include funding for housing improvement activities, home ownership programs, and residential loan and grant programs.

As of June 30, 2012, the Electric Fund had \$ 19.5 million in net assets. The Electric Fund expects to realize increases in retained earnings for both FY 13 and FY 14. From FY 13 to FY 14's budget, operating income and expenses are estimated to decrease slightly as a result of the Unilever Ice Cream Plant closure. In future years, the Electric Fund will continue to monitor revenues due to the projected loss of 8% or \$ 3.8 million of total gross revenue that resulted from the relocation of the Washington County Hospital and the closure of the Unilever Ice Cream Plant.

Earlier negotiations between Allegheny Energy Supply and the City have concluded with an accepted contract extension and a new price point for the term of the extension. Hagerstown Light Department residential customers receive electric services at a kWh rate that is approximately 10% lower than Potomac Edison residential customers.

The Electric Fund currently has 40 total positions. Nine of those positions are unfunded and remain vacant for FY 13 and FY 14. Staff is not asking to have these positions reinstated at this time.

The Electric Fund is anticipating that all capital improvement projects for FY 14 will be funded entirely from Electric Fund assets.

As of June 30, 2012, the Water Fund had \$ 81.5 million in net assets and total cash of \$ 9.3 million, of which \$ 3.4 million is in restricted cash and investments. At this time, staff have included a 2013 bond issuance contribution of \$ 1.9 million in the City's cash position.

Effective November 4, 2009, a five year rate fee schedule was implemented. The projections reflect this increase through Fiscal Year 2014. A similar increase is anticipated after that.

The Water Division began FY 2013 with 4 full time unfunded vacant positions. As of January 24, 2013, the Water Division still has four vacant unfunded positions.

The Water Division has continued to work toward the goal of replacement of all residential meters by 2016. This project will increase billing accuracy, assist in the reduction of unallocated water, and reduce customer billing complaints associated with human error. The Department has replaced more than 55% of the residential meters.

The R. C. Willson Transmission Main Replacement and Electrical Upgrade project is 100% complete. The City awarded the "Phase IV Improvements for Stage 2 DPBR Project" engineering services to Hazen and Sawyer with an initial estimate of \$ 9.6 million for treatment plant upgrades.

Councilmember Aleshire wondered why the City would consider a bond issue when there is \$ 6 million in reserve. Ms. Burkner stated there are sometimes advantages with a bond issue and grant forgiveness. Additional information will be provided to the Mayor and City Council.

As of June 30, 2012, the Wastewater Fund had \$ 53.2 million in net assets and total cash of \$ 1.6 million. At this time, staff has included a 2013 bond issuance contribution of \$ 1.1 million for the cash position.

Effective November 4, 2009, Service Charge Revenue began to reflect average annual increases approved September, 2009 for customers. The projections reflect this increase through Fiscal Year 2014. Future rate increases will be needed beyond the current five year rate schedule.

As of December 31, 2012, the Wastewater Treatment Plant has operated 57 consecutive months without a Discharge Monitoring Report Violation per the State Discharge Permit. The WwTP continues to operate within all operational guidelines set forth by the MDE.

There is currently one full time unfunded vacant position in the Wastewater Fund.

As of June 30, 2012, the Parking fund had \$ 5.8 million in net assets and total cash of \$ 154,000. At this time, staff have included a 2013 bond issuance contribution of \$ 100,000 for the fund's cash position.

Parking meter rates were last increased July 1, 2011. Recommendations for rate changes were made in the Parking Management Plan completed in 2012. While these recommendations may receive further consideration in the future, the FY 13/14

projections do not include any change in the rate structure.

The Downtown Parking Plan focused on parking system demand and supply, and emphasized there is no immediate need for a third parking deck, unless major employers and/or attractions are located downtown. The Plan also offered a recommendation related to increasing street meter rates in an effort to free up street parking and encourage greater use of the two existing parking decks.

Future capital improvement projects in the deck include replacement of the joints between deck sections and numerous concrete repairs.

The debt service on the North Potomac Deck expired at the end of FY 11/12.

Civilian parking enforcement was transferred from HPD to the Parking System effective July, 2011. Parking Enforcement officers utilize wireless handheld systems that enter data in real-time. This has saved \$ 7,000 to \$ 10,000 annually.

Councilmember Aleshire stated he strongly supports an additional parking deck. He believes decks are an asset to a downtown area. In his opinion, a deck should be built at the Columbia Bank parking lot to provide parking for the possibility of the Board of Education central offices being located downtown.

Councilmember Brubaker pointed out the study cautioned against building a deck on speculation, without contributors.

Councilmember Aleshire stated there was not a high level of confidence from private investors when the A & E Deck was built. Councilmember Brubaker pointed out the A & E Deck was linked to the project at 38 S. Potomac Street.

Mr. Zimmerman pointed out the study showed moving parking from surface lots to decks is beneficial. The study showed only half of the available parking is used on any given weekday.

Councilmember Munson does not think the Board of Education would consider moving to downtown without having a new parking deck.

Mayor Gysberts thanked staff for the presentation and for working diligently on the proposed budget.

CITY ADMINISTRATORS COMMENTS

Bruce Zimmerman, City Administrator, thanked Finance and all departments for their

input and for making adjustments in operations. He also thanked the four labor unions for working with the City.

MAYOR AND COUNCIL COMMENTS

Councilmember P. M. Nigh asked that the tickets for speed camera violations include clear instructions on where and how to pay the tickets.

Councilmember M. E. Brubaker commended staff for a thorough, professional presentation. He believes using conservative numbers is beneficial. He noted that even though real estate tax increases were noted as a possibility for additional revenue, the Council has not discussed this. Employees have gone too many years without increased compensation. Hagerstown has one of the highest tax rates in Maryland.

Councilmember K. B. Aleshire thanked staff as well. He stated it is important to focus on the enterprise funds as well as the general fund. He reminded everyone that Hagerstown is larger than the downtown and the urban core. There have been changes in the neighborhoods. A strategy needs to be developed to deal with vacant and foreclosed properties throughout the City. It needs to be discussed how to reinforce stability within the neighborhoods.

Mr. Zimmerman indicated a future agenda item will be a discussion with Code Enforcement about these issues.

Councilmember D. F. Munson also thanked staff. He thanked staff for their snow removal efforts and success.

Mayor D. S. Gysberts would like to increase revenue without increasing taxes. It is important to recognize that City employees have not received a COLA in four years. They do good work and should be compensated.

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 7:18 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: March 26, 2013