

69TH SPECIAL SESSION, WORK SESSION, AND EXECUTIVE SESSION – May 12, 2015

EXECUTIVE SESSION – May 12, 2015

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to meet in closed session to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction, #1 (Section 10-508(a)), on Tuesday, May 12, 2015, at 4:02 p.m. in the Mayor's Office, 2nd Floor, City Hall, Hagerstown, Maryland. The following people were in attendance: Mayor D. S. Gysberts, Councilmember K. B. Aleshire, Councilmember M. E. Brubaker, Councilmember L. C. Metzner, Councilmember D. F. Munson, Councilmember P. M. Nigh, City Administrator Bruce Zimmerman, Karen Paulson, Director of Human Resources, and Donna K. Spickler, City Clerk. The meeting was held to discuss various personnel issues. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the executive session was adjourned at 4:20 p.m.

69TH SPECIAL SESSION AND WORK SESSION – May 12, 2015

Mayor D. S. Gysberts called this 69th Special Session, Work Session, and Executive Session of the Mayor and City Council to order at 4:28 p.m., Tuesday, May 12, 2015, 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 Bruce Zimmerman, and City Clerk D. K. Spickler.

Work Session – May 12, 2015

FY 2015/16 Budget Review

Michelle Hepburn, Director of Finance, provided an update of the discussion from last week's meeting. She included a fourth scenario with the three scenarios discussed last week showing the outcome of the discussion.

The tax rate included in the update is an increase of 2 cents. The Public Works Supervisor position is included in the proposed budget. Councilmember Brubaker thought the consensus was to take the position out of the proposed budget and let the new City Administrator determine whether to pursue it. It was the general consensus to not include the position in the budget.

The anticipated vacancy savings will be reduced by \$ 5,000.

Capital Improvement Projects will be reduced as follows:

Market House	\$ 30,000
--------------	-----------

City Hall Improvements	\$ 50,000
Potterfield Pool Improvements	\$ 40,000

The Economic Redevelopment Contribution from the General Fund will be reduced by \$ 100,000. Councilmember Brubaker would like to cover some of the one time expenditures from the general fund to allow flexibility in Economic Development. If there are reserve funds allocated for Economic Development maybe the amount should be reduced by \$ 200,000.

Ms. Hepburn indicated the amounts outside the First Third Program will be covered by reserve funds.

Ms. Hepburn included savings of \$ 95,000 for police operations.

Fund balance reserves will be used to cover the costs for painting the City Hall clock tower and to cover projects at Potterfield Pool.

The Police and Fire Retirement Contribution was then discussed. Previous thoughts were to keep the contribution levels at 2015 levels. There were questions regarding the impact of holding contributions at the current level. Ms. Hepburn indicated the additional cost would be \$ 124,000 for the 2016 level.

Councilmember Munson pointed out there are two options for future years if the contribution is held at the current level. One is to make arrangements to make contributions significant enough to replace the funding. The other is to not restore the contribution level. He wondered what impact there would be to employees if contributions are held steady.

Councilmember Metzner would rather fund the contribution as recommended, but he does not like using reserve funds without fully funding the pension. The projects at Potterfield Pool and City Hall are important. The \$ 70,000 noted for the supervisor position could be used to fund these two projects. He would rather use the reserve fund balance than the retirement savings. Retirement predicting is difficult. He is concerned if the full amount is not contributed this year, future contributions will double because of the compounding effects of a decision made today.

Councilmember Aleshire does not support reducing the pension contribution.

Councilmember Metzner stated it would be nice to have a unanimous vote approving the budget, which has not occurred in a while.

Councilmember Brubaker stated he has followed fully funding the Police and Fire Retirement through each of the scenarios discussed. He is not sure the budget can be

maintained at the current levels. He is concerned the City will experience a major financial crisis.

Councilmember Metzner reminded everyone that this is Bruce Zimmerman's last budget year. For at least three to five years, he has indicated to the Mayor and Council that the City government, as it is currently being operated, is not sustainable. It has been claimed for several years that the way to reduce expenses is to consolidate services. People have mentioned consolidation at the State of the City for smaller services. When he mentions the way to save significantly is to consolidate police and fire, suddenly no one is interested. It will be good to consider new ideas that the new City Administrator may bring with her. He thinks the current pension plan is not sustainable.

Councilmember Metzner and Councilmember Munson would support the scenario that includes expense adjustments of \$ 725,000. This plan includes a 2 cent tax rate increase.

Councilmember Nigh asked if the training captain position in the fire department can be kept in the budget, but not funded. It is currently vacant.

Fire Chief Kyd Dieterich stated the position has been vacant for two years and has not been filled because it became an issue during contract negotiations. The job description has been rewritten to include duties that had been completed by the safety captain.

Councilmember Metzner asked if anyone currently is working with victims at fire scenes. Chief Dieterich stated the training captain would be taking on those duties. Councilmember Metzner stated it is important that the victims are well taken care of. He thinks that is more important than having a fire educator position.

Councilmember Nigh asked for information about the duties for the part time positions. She does not understand why a part time position would be made full time in the Parks Division. Mayor Gysberts stated the increased use of the parks and the increased revenue have created the need for a full time position.

Mr. Tissue reminded the group that the Mayor and City Council approved an initiative to decrease the very high obesity rate in Hagerstown. To meet this initiative, existing programs have been enhanced and new programs have been started. With the increase in programming, additional administrative assistance is needed to assist with the registration of popular programs. Adjustments to the seasonal budget are proposed to cover the costs of changing the part time position to a full time position.

Councilmember Nigh stated she still does not understand or support creating a new full time position. Mr. Tissue stated there have been more programs implemented and operated in the last two years than in the history of the City. Councilmember Nigh asked for a list of programs that have been implemented.

The following is a summary of the final outcome of the discussions, which reduce expenditures by \$ 790,000:

1. The Public Works Supervisor Position is not included
2. CIP expenses reduced by \$ 235,000
3. Economic Redevelopment Contribution reduced by \$ 100,000
4. Fire operating budget remains the same as originally presented
5. Use of Fund Balance Reserves for specific projects - \$ 120,000
6. The Police and Fire Retirement Contribution remains fully funded

Councilmember Aleshire stated he is not in favor of the full time position in Parks and Recreation.

Councilmember Nigh stated she voted to increase the tax rate last year but she will not do it again this year.

Councilmember Brubaker stated his goal is to not raise taxes any year, but the impact in future years needs to be considered. He will review the options discussed. It seemed that an 11 cent increase last year would have been enough to create a sustainable budget but it was not.

Ms. Hepburn noted the deficit is projected to be \$ 1.7 million. If the tax rate increase is changed, it affects the projected deficit.

Mayor Gysberts stated there will be time scheduled next week to continue budget discussions.

Councilmember Aleshire noted he has questions about the following budget items: spending \$ 49,000 on the stadium when \$ 15,000 was budgeted; the alley program, Human Resources contracted services increased from \$ 50,000 to \$ 95,000, a large bond amount, funding for the Fairgrounds Grandstand, a park at the MELP property (this is included in the bond financing and the building has not been removed yet), and the City Park lake dredging for \$ 60,000.

Ms. Hepburn pointed out the contracted services increase was due to the recruitment for a City Administrator.

Councilmember Aleshire prefers to eliminate at least the MELP park project and the alley program from the bond issue.

Mr. Tissue stated a condition survey of all the alleys has been completed. The results show the alleys are worse than first thought. He mentioned that it may be possible to fund the Kiwanis Park with grant funds, but there is no guarantee.

Councilmember Aleshire noted there are many fees in the budget book that have not been adjusted since prior to 2000, with others being lower than comparable communities. He stated staff should review the fee schedules sometime during the next year.

Councilmember Brubaker and Councilmember Aleshire would like additional information about the fire department training position.

Mr. Zimmerman noted that the public hearing notice reflects a proposed tax increase of 5 cents. This notice was published in April, as required. During the hearing, it will be announced that budget discussions have reduced the tax rate increase to no more than 2 cents.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, acknowledged this is John Lestitian's last week with the City. He has filled two difficult positions for the City and has worked through the challenges of those positions. The programs he administered improved the City of Hagerstown. He wished him well as he continues his career with another organization.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner concurred with Mr. Zimmerman's comments regarding John Lestitian. He invited the editorial board for the Herald Mail to attend the City's budget discussions. He wondered what the editorial board thinks the City did to not retain the Suns. He stated Dan Spedden, CVB Executive Director, one of the Suns biggest supporters, has the opportunity to approach all the necessary parties and to reach out to owner Bruce Quinn. It is not feasible to view the City of Hagerstown as the lone savior for keeping the Suns in Hagerstown.

Mayor Gysberts suggested the Herald Mail could work with Bruce Quinn and build a stadium on property they already own. This would make Municipal Stadium available for an indoor park.

Councilmember M. E. Brubaker thanked Mr. Lestitian for his work with the City of Hagerstown and he wished him well in his endeavors.

Councilmember K. B. Aleshire noted Councilmember Brubaker's list is a good one the Council can work with. It doesn't matter what big projects are planned, if the amount of subsidized housing in the community is not addressed, the face of the City will not change. Conversations need to be held with the social service providers to determine who receives services and how they are being provided. The Mayor and Council need to have a clear understanding of what these organizations do.

Councilmember D. F. Munson thanked John Lestitian for his service. Mr. Lestitian helped a lot of people during his time with the City. Councilmember Munson and Mayor Gysberts attended the John Frye Preservations Awards presentation today.

Councilmember P. M. Nigh stated she is aware of a number of residences that have been converted to group homes and addiction rehabilitation homes. Facilities of this type have a negative effect on the community. She stated gang activity is increasing. Thefts from porches continue to occur. Graffiti is increasing. She attended the Cortpark Appeal in Circuit Court last week. She stated it is important for judges to see that Councilmembers are interested.

Mayor D. S. Gysberts thanked John Lestitian for a good job implementing new directions for the City, and creating positive changes. He wished him well as he moves to a different organization. The Memorial Park dedication is being held on Saturday, May 16, 2015. This is anticipated to be a great event celebrating the history of Hagerstown. Descendents of Jonathan Hager and Jacob Wheaton are expected to be in attendance.

Mr. Zimmerman noted that Potomac Street will be closing at 10:15 a.m. for this event. He encouraged those attending to arrive early. Parking is available behind the park and at Bester Elementary School.

Mayor Gysberts mentioned the Day of Hope is also being held on May 16, 2015.

There being no further business to come before the Mayor and Council during this Work Session, the meeting was adjourned at 5:55 p.m. The meeting was reconvened at 7:00 p.m. for two Public Hearings.

Public Hearings – May 12, 2015

Mayor D. S. Gysberts called this 69th Special Session, Work Session, and Executive Session of the Mayor and City Council to order at 7:03 p.m., Tuesday, May 12, 2015, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers M. E. Brubaker, L. C. Metzner, D. F. Munson, and P. M. Nigh; City Administrator Bruce Zimmerman, and City Clerk D. K. Spickler. Councilmember K. B. Aleshire was not in attendance.

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session for two Public Hearings at 7:03 p.m.

Public Hearing – FY 2015/16 Tax Rate

A public hearing was held to discuss the proposed tax rate for FY 2015/16.

Michelle Hepburn, Director of Finance, and Christine Sneeringer, Budget Officer, were present for both public hearings.

Ms. Hepburn stated the Mayor and City Council of the City of Hagerstown, Maryland proposes to increase real property taxes. The public notice required when the tax rate is proposed to be above the Constant Yield Tax Rate (CYTR) was published using information for a proposed 5 cent tax rate increase. As a result of multiple budget discussions, the Mayor and Council have proposed a 2 cent tax rate increase rather than a 5 cent increase.

For the tax year beginning July 1, 2015, the estimated real property assessable base will decrease by 0.47%, from \$ 2,469,421,689 to \$ 2,457,913,050. If the City of Hagerstown maintains the current tax rate of \$0.898 per \$ 100 of assessment, real property tax revenues will decrease by 0.47% resulting in a loss of \$ 103,348 of real property tax revenues. In order to fully offset the effect of decreasing assessments, the real property tax rate should be increased to \$0.9022, the constant yield tax rate. The City of Hagerstown is considering a \$0.02 rate increase. The City of Hagerstown is considering a real property tax rate of \$0.9180 per \$ 100 of assessment. This tax rate will generate \$ 388,350 in additional property tax revenues above the constant yield tax rate of \$ 0.9022.

Ms. Hepburn reported the notice of this public hearing was published on April 24, 2015.

Councilmember Metzner pointed out that overall, City taxpayers have experienced a significant decrease in the last few years.

The following testimony was presented:

Diane Eves, 1224 Glenwood Avenue, Hagerstown, Maryland, wondered if the City is really better off than it was a decade ago. There are vacant houses in her neighborhood. She does not consider her neighborhood healthy. She can't afford to replace her sidewalk and make other improvements to her property. Her raise last year was offset by the increase in City taxes. She would like the City to be truly economically healthy. She presented an article about a stimulus plan used in Mississippi. She thinks that program should be used in Hagerstown.

No further testimony was presented.

FY 2015/16 Budget

A public hearing was held to discuss the proposed budget for the fiscal year 2015-2016. The total of the proposed budget is \$ 126,939,673. Ms. Hepburn stated money in the general fund budget is received from property tax revenues, State Highway User Revenues, State Income Taxes, Licenses and Permits, Refuse Collection Fees and

other revenues. Expenditures include wages and benefits, economic incentives, debt service, capital expenditures, maintenance and repairs and material/supplies/utilities.

Ms. Hepburn reported the notice of this public hearing was published on April 24, 2015.

At this time, ongoing discussions about expenditure reductions are being held. The total expenditures will most likely be reduced during the next two weeks.

The following testimony was presented:

Nancy Smith, Maryland Food Bank, 220 McRand Court, Hagerstown, Maryland, asked the Mayor and City Council to consider providing funding for the Food Bank. They have applied for a \$ 10,000 grant from the agency contribution fund. The Food Bank focuses their efforts toward seniors and childhood hunger. They have started a purchase contract with local farmers. They expect to distribute 2 million pounds of food to Washington County residents this year. They are asking the City to be their partner in fighting hunger.

Councilmember Munson asked how people find out about the Food Bank. Ms. Smith stated many people are referred to them through the schools and senior centers. She hopes to be able to start a community kitchen in Washington County. A well fed community is a thriving community.

Mayor Gysberts reported Gerald and Lieba Cohen submitted a letter opposing the tax increase for inclusion in the record. A letter was also received from Mary Baykan, Director of the Washington County Free Library, highlighting their programs and accomplishments since the opening of the new library.

No further testimony was presented.

The record will remain open until decisions are reached regarding the tax rate and the 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 7:26 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: June 23, 2015