

# Mayor and City Council of Cumberland

## WORK SESSION

City Hall Council Chambers  
57 N. Liberty Street  
Cumberland, MD 21502

Tuesday, May 3, 2022, 5:30 p.m.

**PRESENT:** Raymond M. Morriss, President; Council Members: Richard Cioni, Eugene Frazier, Joe George, and Laurie Marchini.

**ALSO PRESENT:** Jeffrey Silka, City Administrator; Michael Cohen, City Solicitor; Marjorie Woodring, City Clerk; Mark Gandolfi, City Comptroller; Ken Tressler, Director of Administrative Services

**Media** – Greg Larry, Cumberland Times-News

### I. FY23 FOLLOW-UP BUDGET PRESENTATION

Mr. Gandolfi provided a PowerPoint presentation, and advised that there were not any material changes from the last presentation, but there were some minor changes. He advised on the dates of the next budget meetings:

- May 3, 2022 – Constant Yield public hearing, budget revisions (work session)
- May 17, 2022 – First Budget Ordinance reading
- June 7, 2022 – 2<sup>nd</sup> and 3<sup>rd</sup> Budget Ordinance reading and Budget Adoption

Mr. Gandolfi advised on the few changes from the initial presentation, which included full-time, part-time and temporary staffing levels for review, review and editing of FY22 and FY23 estimates, with minor changes to all funds, and FY24 through FY27 projections.

Mr. Gandolfi reviewed and discussed the FY23 budget highlights and the constant yield of \$1.0354, which is maintaining the existing tax rate, ARPA revenue loss funding with improvement to the General Fund, no utility or tax increases, MPA and DDC revenue, and personnel cost increases. Mr. Gandolfi also touched on health insurance, grants and funding assistance, rising costs that the City will be facing, and available unassigned fund balance.

Mr. Gandolfi reviewed ARPA funding, saying that during FY23, Cumberland will utilize \$6.4M of that funding. He also advised on the 2023 staffing level highlights, with two positions added, four deleted, and three reconfigured, along with some changes in part-time and seasonal.

Mr. Gandolfi went over Capital Expenditures for ongoing projects, which he stated are significant. He said new debt will be required, however, there is significant financial assistance expected in the form of grants.

Mr. Gandolfi reviewed the Governmental Funds FY23 budget, major and non-major, and said most non-major are just in-and-out funds set up for specific purposes, and said street improvement and capital project funds are funded through grants and General Fund debt. He noted that there is \$1.4M budgeted for paving projects. He also mentioned all the bridge projects in the City.

Mr. Gandolfi advised that at the end of 2022, they are projecting \$8.6M in unassigned fund balance. He said that at the end of 2023, they are projecting a \$4.6M surplus, which he said will put the City in a really fine position in terms of financial stability.

Mr. Gandolfi advised on the City's bond rating, which he said is tied in part to what the City's cash reserves are. He explained the Fitch and S&P ratings, and said Cumberland presently has an "A" rating, but a weakened revenue growth. Mr. Tressler pointed out that the rating agencies will definitely remove ARPA revenue influx to see what the City will look like when that is no longer in place. He stated, however, that he expects we will stay at the "A" rating.

Councilwoman Marchini asked why there was an increase of \$100K in snow removal. Mr. Gandolfi explained that with the mild winter this year, there were lower costs, so they budgeted for a traditional winter next year.

Mr. Gandolfi reviewed FY23 General Fund Discretionary Expenditures which are budgeted at about \$880K, FY23 comparison to prior years, and advised that without ARPA, the City would be looking at a \$578K deficit in unassigned surplus, but with ARPA, the City has unassigned surplus at over \$2M.

Mr. Gandolfi also reviewed the Proprietary Funds budget, which includes the Sewer, Water, Trash, and MPA funds. He said the projected income for all these, except MPA, are negative, as well as the cash flow. He added, however, that there are adequate cash reserves to cover deficits, which he explained is why they are not recommending any rate increased to tax or utilities.

Mr. Gandolfi moved on to the MPA, and said the General Fund supplements it, so it doesn't have a negative cash flow. There was discussion about having a plan down the road with parking/MPA. He said what they've identified is that the out-years show substantial contributions from the General Fund to support operations. There was discussion about looking at operations, and how to increase revenue or change the expenditure structure. Mr. Gandolfi pointed out that the MPA will require some examination of how best to operate to minimize the need for General Fund revenue.

Mr. Gandolfi reviewed Key Decision Points, which includes maintaining the existing tax rate with no utility rate increases; non-union and union COLAs, discretionary expenditures, capital purchases, new debt issuance, and other personnel changes. He stated that these are the key components that impact this budget the most.

Mr. Gandolfi advised on the General Fund and Water Fund for FY24 – FY27. He stated that one of the key takeaways is they start to see unassigned surplus deficits starting in FY25, which they will be planning for. He said on the other hand, revenues could improve, and said costs will definitely change – utilities, wages, etc. He stated that if revenues don't improve, the City will be in a negative cash position by 2026. Mr. Gandolfi advised that they will be tracking it and will keep M&CC informed.

Mr. Gandolfi reviewed the Sewer Fund, and explained how the City's combined system generates revenues in wet and snowy seasons, and how dryer weather triggers a higher charge. He advised on the Trash Fund, which is projected to be in the negative by 2025. He said at some point this contract will go out to bid, and said costs will be largely contractor costs. He added that they could be looking at trash increases in 2024 and 2025.

Mr. Gandolfi advised on the DDC Fund, and explained that the Transfers In represent General Fund supplements to the DDC. He said that in 2025, ARPA drops off. He said as the MPA and DDC require more support, that's a demand on the General Fund. He said since 2025 contributions spike, it gives rise to be looking at how the DDC operates, and how to make it more efficient in operations.

For the MPA, Mr. Gandolfi explained that current projection shows that the costs exceed the revenues, with the General Fund supplementing if nothing changes. He added that it will be a projection of \$238K in 2025.

Mr. Gandolfi pointed out that these are projections, and they have many assumptions, but said based on the current trajectory, this is where the City is. He added that 2025 becomes a critical year for all the funds, and said they will be evaluating and reviewing, and will continue to talk with M&CC.

Mr. Gandolfi called for questions or comments.

Mr. Silka advised that when looking at the tax base increase, it's very important when encouraging new development that if you do a tax incentive and tax abatement, you won't reap the benefit of putting new customers on. He added that tax abatements look nice, but for the operations side, it doesn't add what it should add.

Mr. Silka explained the similarities of parking and the community pool. He said parking is one of those things that in order to build a structure, you almost can't monetize them in a city the size of Cumberland. He said they need to figure out the most efficient way to manage as possible. He added that you can't charge admission of \$19.50 per person to cover expenses, and said there's going to be loss, you just need to minimize it. He said the City needs to enforce parking restrictions regularly, and do wheel boots for repeat offenders. Mr. Cohen stated that there are provisions in the City Code to use the boots for repeat offenders.

There was discussion about recent legislation on Highway User Tax coming back to municipalities and what impact it will be on the budget. Mr. Gandolfi advised that he hasn't thoroughly reviewed it, but said it could double the City's highway user revenue, which may help offset other inflationary costs or projected deficits. He added that he will get a better answer and take a closer look at it.

## **II. PROPOSED CHARTER AMENDMENT RESOLUTIONS**

Mr. Silka advised that he's bringing this forth for a second time, and said it's a housekeeping issue. He stated that there are three Charter Amendments that were passed in May of 2019, and said there was a provision overlooked. He explained in order to have a Charter Amendment Resolution you have to have a public hearing 20 days before its adoption. He said that these three 2019 Charter Amendment Resolutions failed to have hearings, so they're bringing them up again to have the hearings scheduled and make them legal. He said the subjects of those CARs are concealed weapons, publication of ordinances, and Memorial Hospital board.

## **III. PUBLIC MEETING AGENDA 5-3-22**

Mr. Silka asked if anyone had any questions on any of the agenda items for tonight's regular session. Being none, the meeting moved to M&CC updates.

**IV. MAYOR AND COUNCIL UPDATES**

Councilman Frazier thanked council for attending the Fair Housing event recently.

Councilwoman Marchini presented their new tear-off maps for the Historic Downtown Cumberland – one side Historic Downtown, and the other side the Arts and Entertainment District - and stated they will be at the WMSR station and at restaurants, and advised that Downtown Manager Melinda Kelleher has lots of these new maps available.

**IV. ADJOURNMENT**

With no further business at hand, the meeting adjourned at 6:14 p.m.

Respectfully submitted,

Marjorie A. Woodring  
City Clerk

Minutes approved September 6, 2022