

# Mayor and City Council of Cumberland

## WORK SESSION

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

Tuesday, April 19, 2022, 5:00 p.m.

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

**ALSO PRESENT:** Jeffrey Silka, City Administrator; Michael Cohen, City Solicitor; Marjorie Woodring, City Clerk; Ken Tressler, Director of Administrative Services; Mark Gandolfi, City Comptroller; Ruth Davis-Rogers, Historic Planner/Preservation Coordinator

### I. FY23 INITIAL BUDGET PRESENTATION

Mr. Silka reviewed the FY23 budget schedule, and provided a timeline: April 23<sup>rd</sup> - 25<sup>th</sup> there will be advertisement of the constant yield notice. May 3<sup>rd</sup> will be the constant yield hearing and budget revisions, with the first budget ordinance on May 17<sup>th</sup>, followed by the 2<sup>nd</sup> and 3<sup>rd</sup> readings and adoption on June 5<sup>th</sup>.

Mr. Gandolfi reviewed the budget highlights in his PowerPoint presentation, and said that ARPA funds created a significant positive impact, along with a \$2.3M surplus. He discussed MPA and said the GF assistance balloons to over \$200K in FY25. Mr. Gandolfi advised on the different funding and grants for the DDC, and discussed the negative cash flow for water and trash funds; however, he advised that there will not be a rate increase due to adequate cash reserves.

Mr. Gandolfi advised on the 3% COLA for non-union employees, and Police and Fire unions each receiving a 2% + longevity per contract terms. He also advised on the grant and financial assistance for FY23 and the new equipment and capital projects debt, and reviewed discretionary grant matches and special programs. He added that they expect a substantial increase in unassigned fund balance of \$3.2M for the revised FY22 budget. Mr. Gandolfi continued to review his PowerPoint presentation, going over ARPA funds being utilized for various projects, and the key points of Assessable Real Property Tax Base, and the Constant Yield rate of \$1.0354.

Mr. Tressler advised on health insurance costs and reviewed the breakdown of costs on the PowerPoint slide, and said they are expecting a significant refund. He discussed expected claims and explained stop loss insurance and aggregate insurance as related to catastrophic claims. He also discussed the Police and Fire unions, and advised on their increases. Mr. Tressler said they are suggesting a cost-neutral reorganization in Engineering and Utilities, and advised that the information will be reviewed with M&CC at the next work/closed session. He added that within the City there are 13 vacant positions that they are expecting to fill sometime in the year.

Mr. Gandolfi reviewed the slides for FY23 capital equipment, capital expenditures, and capital projects for GF, WF, and SF. He advised that for capital equipment there will be phone system, computer, and security camera upgrades, new vehicles, and new equipment. Mr. Gandolfi also said new debt will be required for various projects, but said they are expecting \$100M in grants. He reviewed upgrades to City Hall, Public Safety Building, bridges, the Baltimore Street project,

light improvements, Constitution Park upgrades, and miscellaneous paving projects. He reviewed the South End water main replacement, 4" to 6" water main replacements, and the new filter building design projects. It was noted that the Decatur Street Water Line Replacement Project will be completed in FY23.

Mr. Gandolfi reviewed projects for the SF, and stated that it's dominated by the 78" Pipeline project, Evitts Creek CSO Phase III and Phase IV. He explained Debt Service Requirements – up slightly from what he advised previously - and noted that it is manageable for existing and new FY23 debt. He also explained that FY23 Proprietary Funds maintain a strong cash position, with no rate increases proposed. He advised that most of the non-major Governmental Funds set up for specific purposes such as DDC, CDBG, police grants, special projects, etc. He stated that there will be almost \$4M in street projects in FY23.

Mr. Tressler reviewed GF FY22/FY23 comparisons, and said some of the biggest increases are ARPA and ARPA revenue loss, and said there will be an increase in unassigned fund balance of \$3.2M in FY22, and \$2.3M in FY23, putting the City in the best financial position it's been in for a while.

Mr. Gandolfi advised on the GF FY22/23 Department Budget and pointed out the increases and decreases. He also reviewed Discretionary Expenditures and said that one of the ARPA projects the City has will pair with Code Enforcement to help homeowners afford corrective actions.

Councilman George asked if the RKG presentation recommended establishing a marketing budget to help market the City. He also suggested trying to include some engineering costs of the potential skate park in the FY23 budget. The Councilman also mentioned the COLA for employees, the cost of fuel and equipment, and recruitment and minimum wage challenges. He said he thinks they need to maintain the existing tax rate, and said he doesn't want to get into the position in 2025 where they have to take a significant increase in revenue to make up for potential deficits.

Mr. Silka explained why money wasn't included for marketing the City, saying that since they haven't had the final presentation yet, they can find funding down the road once the plan is decided, and then develop a budget around that. Councilman George agreed, saying as long as they can find some funds at some point in 2023 for marketing. Mr. Tressler said there's also the potential for the CEDC to generate some cash through sales of properties.

Mayor Morriss suggested consulting with Mr. Smith regarding the Councilman's skate park question. Mr. Tressler advised that there is a place holder for \$150K for Constitution Park, and suggested utilizing part of that for the skate park engineering. Mr. Silka advised that they are also looking at other grant opportunities that could fund a significant part of it.

Mr. Gandolfi continued with the presentation, saying they are expecting to finish FY22 with a \$3.2M surplus, and a potential \$2.3M surplus in FY23, which he advised means almost \$11M in unassigned fund balance, with a \$4.8M cushion.

There was discussion about putting more money in property removal. Mr. Silka explained that they are almost maxed out to capacity and said they need a budget number they know that they can spend. He said they are comfortable at the rate they are at, and if may be a stretch to do more. Mr. Tressler noted that they did actually increase it, but said they are having issues in closing property acquisitions.

In response to that discussion, Mr. Gandolfi advised on the Affordable Assistance Housing Program that is in the budget that will help address blighted properties and get them back on the market in proper condition. He also mentioned again the Property Improvement Program to help owners address code violations.

Mr. Gandolfi noted that overall, the City is quite healthy regarding money, with a lot of exciting projects coming up. He also noted that ARPA has made a dramatic improvement to the GF, and will continue to do so through FY24. Mr. Gandolfi also reviewed some rising costs that the City will be facing, such as inflation, wage pressures, and healthcare costs.

There was discussion on a debt reduction plan looking into the future. Mr. Gandolfi advised that it has been taken into consideration, and said they are capitalizing on lower interest rates now, with a CDA bond package planned for the first week of July.

Mr. Tressler reviewed the decisions that need to be made – tax rate, no utility increases, non-union COLA, capital purchases, new debt, etc., but said they definitely need the Constant Yield decision tonight.

*Consensus from M&CC to keep the rate as is.*

There was discussion on sources of funding for bridges, and whether there was a commitment from CSX. Mayor Morriss said there was for Cumberland Street, but they were still negotiating for Fayette Street. Mr. Cohen advised that they have the draft agreement in place which will provide for the amount that CSX will contribute. He added that it's basically the same agreement as for the Cumberland Street Bridge.

Mr. Gandolfi asked for any comments or questions. He advised that on the follow-up work session on May 3<sup>rd</sup> they will do a condensed budget presentation, then the public hearing for the Constant Yield notice.

## **II. PUBLIC MEETING AGENDA 4-19-22**

Mayor Morriss asked if there were any particular questions or comments about tonight's regular session agenda. Being none, M&CC moved to the next topic.

## **III. FORMER ALLEGANY HIGH SCHOOL FAÇADE – REMOVAL & STORAGE**

Mr. Silka advised that most of the good stuff has been taken away from what's left of the Allegany H.S. facade except for an archway, and provided a photo. He said a decision is needed because there is no end-user, and said it would have to be reconstructed. He added that the City would have to remove it and store it, as well as finding it a home, and said it appears that everything historical on that building has already been salvaged.

There was discussion on the needed space to store it, and that the arch is not free-standing. Ms. Davis-Rogers advised that saving facades has become a common practice, and said a grant could be obtained if there was a place to store it. Mr. Silka advised that the pieces will fill 8-9 pallets, and said it's a huge undertaking with no final destination. He added that the site is actively being demolished, so it would have to be decided within the week. Councilman George stated that if Allegany H.S. has determined that they don't want it, he can't see how the City would, and said he is a big proponent of preserving as much as possible. Mr. Silka said it can be discussed next

week after the closed session moves into open work session, and said he will find out if the pieces are numbered, if there's a map for reconstructing, etc.

**IV. ADJOURNMENT**

With no further business at hand, the meeting adjourned at 6:35 p.m.

Respectfully submitted,

Marjorie A. Woodring  
City Clerk

Minutes approved August 16, 2022