

Mayor and City Council of Cumberland

WORK SESSION

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

Tuesday, May 19, 2020
5:30 p.m.

PRESENT: Raymond M. Morriss, President; Council Members: Seth Bernard, Richard J. Cioni, Eugene T. Frazier, and Laurie P. Marchini

ALSO PRESENT: Jeffrey D. Rhodes, City Administrator; Michael S. Cohen, City Solicitor; Ken Tressler, Comptroller; Marjorie Woodring, City Clerk

I. PRESENTATION OF UPDATES TO DRAFT FY2021 ANNUAL BUDGET

Mr. Tressler provided a PowerPoint presentation, and once again advised that a copy could be accessed on the City's website. He said this will hopefully be the final budget work session, the budget is balanced. He advised on the timeline, saying that after this meeting at the regular session there will be a Public Hearing on the tax rate – which is the same as it has been – and said the first reading of the budget will be on June 2, 2020, and budget adoption will be on June 16, 2020. Mr. Tressler said for this meeting he will just be covering any changes from the last presentation, and said the Covid-19 uncertainty is the theme of the budget.

I. FY2021 BUDGET HIGHLIGHTS

- New: Potential for new Federal stimulus package for State and Local governments. (No stimulus replacement is included in this budget.)

II. FY2021 CHANGES FROM INITIAL PRESENTATION

- Lowered property rehabilitation funds from \$100K to \$30K for trial program (\$10K max per property)
- Lowered the nuisance abatement from \$300K to \$200K
- Added a discretionary Sewer Fund transfer of \$50K (will monitor Covid-19 scenarios and may not need this)
- Baltimore Street Access Project start date is being delayed from October 2020 to April 2021 (based on where we are on Engineering and approval process)

III. COVID-19 CONCERNS

- FY20 – Expect \$400K reduction in this year's revenue; expect slight unassigned surplus in this year's operation

- FY21 – Could see \$800K-plus reduction. May not happen: at this point going with best guess we can

IV. ASSESSABLE TAX BASE

- Up 1.2% - if we wanted to keep revenue neutral, tax rate would be lowered
- Hearing at this evening’s Mayor and Council Public Meeting – revenue increase for the City of approximately \$116K

IV. FY21 PERSONNEL COSTS

- Allowance for 5 vacancies in the budget.

V. STAFFING LEVELS – FULL-TIME & ELECTED (NEW SLIDE)

- Shows history in City’s staffing levels, by department
- 252 full-time employees (including Mayor and Council)
- Reduced by 2 this year – 1 WTP position; 1 police grant employee

VI. STAFFING LEVELS – PART-TIME AND SEASONAL (NEW SLIDE)

- Minimum wage increase January 1, 2021
- Reduced revenue – recreational activities; MPA – reduced staff by 50% in those areas

VII. HEALTH INSURANCE COSTS

- Pleased with rate increase of only 4.6%

VIII. FY2021 CAPITAL EQUIPMENT REQUESTS

- No change from last presentation – total of \$773K in Capital Equipment requests
- Over \$300K from previous year debt issues will be used to cover part of these requests

IX. CAPITAL EXPENDITURES – ONGOING PROJECTS

Mr. Tressler advised that the timing of the expenditures had changed a little, but the significant detail is the amount of grants compared to the amount of new debt the City will need to incur.

X. CAPITAL EXPENDITURES – WATER FUND

Mr. Tressler advised that there are no changes from last presentation, with Decatur Street Waterline being the biggest project, and added that about 2/3 of that project is funded through grants.

XI. CAPITAL EXPENDITURES – SEWER FUND

Mr. Tressler advised that the 78" Mill Race Pipeline is getting started, and Evitts Creek Phase 3 is now moving ahead.

IX. CITY-WIDE & ANNUAL DEBT SERVICE REQUIREMENTS

Mr. Tressler advised that there are no changes from last presentation, but said that even though the Baltimore Street project is delayed, he's still suggesting taking on debt this fall through the CDA program.

Mr. Tressler stated that the Annual Debt Service is going down and is manageable.

X. PROPRIETARY FUNDS FY21 BUDGET

- Biggest change is added \$50K transfer from Sewer fund to General Fund
- Proprietary funds are generating cash and have significant cash balance
- Water fund in FY19 recommended series of 3 annual 5% water rate raises – this year will be last one
- Getting bid out for timber sale
- Sewer fund is very profitable
- Trash fund – slight negative, but manageable
- MPA requires General Fund assistance – revenue reductions and personnel cuts due to Covid-19

XI. GOVERNMENTAL FUNDS FY21 BUDGET

Mr. Tressler advised there is a slight surplus of less than \$2K, adding that is considered a balanced budget when there's \$21M in expenditures. He stated that the DDC is negative \$79K, but showing that they will use balance of this cash surplus in FY21. He added that the DDC has paid over \$50K and will pay an additional \$50K to assist with the Baltimore Street Access Project for Cochran design.

Mr. Tressler reviewed the Special Projects in the budget, saying the Carver Center has a \$100K grant with a \$100K City match, and added that the others are fully funded by grants. Mr. Tressler advised that the City has already expended a significant portion of its match for the Allegany County Community Enhancement Projects.

XII. GENERAL FUND – FY20-21 REVENUE BUDGET (NEW)

Mr. Tressler reviewed the new slide that provides a pie chart of revenue sources. He advised that Personal Property and Real Estate taxes provide over 50% of the General Fund revenue. He also reviewed and explained the Intergovernmental revenue.

XIII. GENERAL FUND FY20-21 DEPARTMENT BUDGET

Mr. Tressler advised that there are no changes here, except that the Community Development number is lower because Nuisance Abatement and Project Rehabilitation have been reduced.

XIV. GENERAL FUND – FUND BALANCE

Mr. Tressler advised that with the new adjustments we can expect the unassigned fund balance to grow to \$2.8M by the end of FY21, but said the fund balance indicates it should be at \$5.3M. He added there is a gap, but we are over 50% of our goal, so are slowly getting there. Mayor Morriss said we're moving in the right direction, and noted that raising the unassigned fund balance keeps the interest rate down on our bonds.

XV. KEY POINTS

Mr. Tressler reviewed the Key Points:

- General Fund balanced budget
- Significant reliance on State funding sources; Covid-19 uncertainties
- Tax Rate hearing – current or constant yield
- Water rate – 5% increase
- Capital Expenditure/new debt – minor impact
- Sewer Fund transfer of \$50K
- Closely monitor Covid-19 impacts

Mayor Morriss advised that the water rates were decided on back in FY19, stating that this is the 3rd and last year of that increase. He also reminded all that the taxes are not being raised. Taxes may increase due to assessment value increases.

In response to a question from Councilwoman Marchini, Mr. Tressler explained that the City will invite other community requests for Community Legacy funding due to the delaying of the Baltimore Street Access project, to ensure that the funds can be utilized.

Mr. Kessler discussed further the nuisance abatement, saying he spoke with Mr. Thacker, who thought that \$200K will be enough to get through FY21, as there was an increase in the budget last year. He said it's flexible if more is needed.

Mayor Morriss said flexibility and monitoring is the key. Mr. Tressler said that this year is more critical than ever, and advised that there are a lot of estimates in this budget - but some things we know dead to right - so we have some flexibility.

Mr. Tressler stated that assuming that this budget is ok with Mayor and Council, the ordinances will be prepared for the June 2, 2020 meeting, for their first reading. Mayor and Council seemed to agree.

XVI. ADJOURNMENT

With nothing further, the meeting adjourned at 6:08 p.m.

Respectfully submitted,

Marjorie A. Woodring
City Clerk

Minutes approved June 16, 2020