



Mayor and City Council of Cumberland

Mayor Raymond M. Morriss
Councilman Richard J. "Rock" Cioni
Councilman Eugene T. Frazier
Councilman James L. Furstenberg
Councilwoman Laurie P. Marchini

City Administrator Jeffrey F. Silka
City Solicitor Michael S. Cohen
City Clerk Allison K. Layton

Mayor and City Council of Cumberland

WORK SESSION

City Hall 2nd Floor Conference Room
57 N. Liberty Street
Cumberland, MD 21502

Tuesday, November 21, 2023, 5:00 p.m.

PRESENT: Mayor Raymond M. Morriss; Council Members: Rock Cioni, Eugene Frazier, Jimmy Furstenberg, and Laurie Marchini

ALSO PRESENT: Jeffrey F. Silka, City Administrator; Allison Layton, City Clerk; Michael Cohen, City Solicitor; Mark Gandolfi, Comptroller; Ken Tressler, Director of Administrative Services; Robert Smith, Director of Engineering and Utilities

Media: Teresa McMinn, Cumberland Times-News
Kathy Cornwell, WCBC Radio

I. DEBT AFFORDABILITY DISCUSSION

Mr. Gandolfi provided a PowerPoint presentation, and background on debt affordability, explaining that the City's bond rating is like a credit score, which can affect an entity's ability to borrow. He advised that the City's current rating is A+, and said our debt levels are moderate. He added that they've been that way for about 10 years.

Mr. Gandolfi discussed asset management plans, saying Engineering does a great job, and said the City's asset management plan predicts \$173M in capital projects over the next 5 years. He explained that capital projects drive borrowing. He discussed grants, saying that total grants are at \$76.7M which is a 44% ratio of grant to other funding, or debt. He stated that there are large projects in the works in the future that will need grant funding in order to stay away from debt.

Gandolfi stated that they are projecting borrowing \$97M over 5 years, predominately for water and sewer projects. He mentioned that water rates are expected to increase in 2025-2028, with sewer rates maybe being increased in 2026-2028. He stated that the key water project is the filter plant, and said they're hoping it will not be debt, but it could be. He added that there's \$22.5M in funding in FY29 to complete the filter plant project.

Mr. Gandolfi stated that debt service today, though moderate, is going to rise due to upcoming projects, and asked M&CC to focus their conversations with legislators to getting earmarked funds, grants, etc.

Mr. Gandolfi stated that in the sewer fund, debt would be seven times higher in 2029, and said in the water fund, debt services in 2029 would be 77% of current operating revenues, which would mean increasing rates, and added that funding on key projects is important.

Mr. Gandolfi advised that the new filter building right now is all funded with debt. He said all of the City's CSOs and the Riverwalk project, \$25M, is all debt right now, absent any other funding source. Council Member Marchini asked if the \$6M that Congressman Trone got for the City would go toward the Riverwalk. Mr. Smith advised that the Trone money is for the trails, but is technically not part of the \$25M. He said, though, that there is significant grant funding possible.

Mr. Tressler advised that there's a lot of estimates in the presentation, looking 5 years out. He said things will change drastically. He explained that they do this all the time, and said they will raise a red flag if they need to. He stated that they have said for some time that these major projects will require major funding.

Mr. Gandolfi explained that regarding debt affordability, they take everything in the capital improvement plan that's on the horizon and where it is in that point in time. He said if grant funding is reasonably expected, or secured, they will include it. If not, and the project *has* to happen (as in the filter building) it is considered debt. He advised that for the filter building, the Riverwalk, and the CSOs, M&CC should focus on laying groundwork to obtain funding.

Mr. Gandolfi discussed the General Fund, saying the big project there is the HVAC project, and said they still need to determine how it will be funded. He explained that the Water and Sewer funds are driving the trends he's going to talk about.

Mr. Gandolfi advised that he'd like to see a declining trend, but he also wants to see consistency. He stated that in both the Water and Sewer funds they are seeing large increases in projected debt, and said 2026 is the point where rate increases may need to be considered.

Next, Mr. Gandolfi looked at budgets, saying he does not want to see as much of an upward trend. For the MPA, he said it is in a downward trend, as debt is being paid off as time goes, and said there will likely be funds needed down the road for repair or replacement.

Mr. Gandolfi discussed rating, wanting to maintain a GF unassigned balance at 25% to keep the City's rating, and reducing/keeping debt levels. He advised that debt levels per capita between \$2K and \$5K is considered moderate – over \$5K is high. Mr. Gandolfi explained that debt levels between 6% and 10% are considered moderately high, and above 10% is high. He projects that the City will be in the 6% range through 2025-2026. He stated that the City is able to manage the debt load it has and the core debt load we plan to have outside of the key projects.

Mr. Gandolfi mentioned that total debt service could more than double by FY27 if we don't watch it. He explained it as a percentage of revenue, and said the City cannot take on this level of

debt without increasing rates. He advised that the MPA is estimated to need and receive \$1M over the next 5 years, and will rely on the GF to be able to balance its budget.

Mr. Gandolfi stated that in summary, the City has 44% of its capital projects grant funded, which is outstanding, with 60% this year and the next. He said for the future, with work, we can obtain grant funding or earmarked funding, and said there is lots to look forward to, and lots to be mindful of. He said the City is managing it, and current debt loads are fine. He said when he comes back and presents the Audit Report, they are looking to assign \$3.5M, which reduces future borrowing needs.

II. LIBERTY & CENTRE STREETS FIBER EXTENSION DISCUSSION

Mr. Smith discussed Liberty Street first. He stated that they were able to attain additional grant funding which can be used for construction activities. He recommended to extend the fiber network from the Baltimore Street corridor to the side streets, getting the fiber conduit to the buildings there so streets won't have to be torn up in the future. He said after doing rough estimates, it will cost about \$300K to cover this work – probably less. He stated that he needs an okay from M&CC, and said it will be as a change order with the contractor. He explained that the caveat is that the general contractor does not wish to continue core drilling into the basement of the buildings, saying that luckily most of the buildings on the side streets don't have basements. He told M&CC that if they can live with this, Engineering will work through the details and will report back. He added that the contractor is optimistic.

Mr. Smith stated that things are going well at the construction site, and said he expects to start seeing pavers in the January timeframe. He said they still have some underground work to do, and added that the project is going better than expected.

There was discussion about the funding being redirected for this and that it's really wonderful that they will be able to add on Liberty and Centre Streets.

Mr. Smith advised that regarding Mr. Gandolfi's presentation, Engineering will be working to find funding for the filter plant. He stated that they have some options for grants and have spoken to Congressman Trone about it.

On the topic of CSOs, Mr. Smith stated that they are in the process of dealing with a consent order that expired on October 4th. He said they are waiting on MDE to provide the new goal, which he said will be affecting Frostburg, Allegany County, and the LaVale Sanitary Commission. He said some communities do get to the end of the CSO projects – which is water quality. He stated that there is a challenge they will have regarding the MDE permit, saying they picked a different road long before he came on board, and said they have made the request for additional time. He said regarding funding, they'll wait to see what is thrown at them. He added that within the consent order, there is a limit to the number of taps they can make, but said MDE is receptive to their needs.

III. GOAL SESSION REVIEW

Mr. Silka provided a PowerPoint presentation, and advised that he was not going to go in-depth with the SWOT Analysis, but said they need to review it and make sure it matches what M&CC recall from the Retreat Meeting.

He then went over the Strategic Initiatives, and followed with Goals that they had come up with at the retreat. Mr. Silka then reviewed General Communication and Neighborhood Revitalization topics. Next was Staff Enhancements, followed by Governmental and Community Partner Relations.

Mr. Silka stated that after reviewing everything, this will be officially approved as a plan, with departments coming back with roadmaps to meet the Goals. He asked M&CC to read the presentation in the next 2 weeks, to see if they want to fine-tune it.

Mayor Morriss stated that the presentation is a good summation of their retreat. Mr. Silka thanked all for their participation in getting to this point with the SWOT analysis, and said they will talk more at the next work session.

IV. AGENDA REVIEW NOVEMBER 21, 2023

Mr. Silka reviewed tonight's public agenda. He touched on Order No. 27362, the salt agreement with MD SHA, saying this agreement allows for the City to buy salt in an emergency, if they were to run out.

Mr. Silka noted that Order No. 27367 should have been with the other meter setters and boxes sole source orders from the last meeting, but one vendor was forgotten.

Mr. Silka discussed Order No. 27366, the Micro-Revolving Loan Fund, saying that the 3% interest rate is better than the market. He stated that they will get this out on social media, CEDC, DDC, and make sure everybody knows the City has this money available.

Mr. Silka discussed Order No. 27365, the forgivable loan provided to Nick Dearcangelis, saying that this was done about 18 months ago before the City had any formal processes for the loan fund. He added that the County back-fed the money into the loan fund, making it kind of a City/County cooperative project.

IV. MAYOR AND CITY COUNCIL UPDATES

Council Members Frazier and Cioni had no updates.

Council Member Marchini stated that work continues on Baltimore Street, and said sidewalks are going to be more than 20" wide. She stated that the DDC will cease to exist at the end of construction. She stated that Cumberland has always been a Main Street Community, and said they have been preparing for that. She advised that there will be Main Street subcommittees – Design, Economic, and Restructuring.

Council Member Marchini listed the events coming up:

Tree Lighting – 5:00 PM on Friday at Canal Place; also, a parade and Santa’s arrival.
Shop Small Saturday on the 25th, with another contest this year - \$1000 in cash prizes; visit
www.mdmountaininside.com. Logan Scott live broadcast on 100.5 on Saturday, with shops
offering treats. Lots of ribbon cuttings recently – lots of new places to shop.

Breakfast with Santa at The Book Center

Winter Festival at Canal Place, December 2nd and 9th – music, crafts, games, firepits, etc.

NYE at Canal Place this year due to Baltimore Street construction.

HPC – Lakota Group presenting on December 19th. Linda Lambert wrote an article. HPC will
start reviewing solar panels.

MHT receiving applications for severely damaged properties.

24 rising Juniors were welcomed at City Hall for Leadership Allegany Rising.

Shoutout to Allegany Boys Soccer – they made it to the State Championship game. There was
discussion about bringing the team in.

Mayor Morriss spoke about the renovations to the Duck Pond, and the grand opening, saying they
did a wonderful job. He mentioned 2 Veterans Day events that happened at the American Legion
and Rocky Gap, and also LBC did a service at Veterans Park. The Mayor talked about all the
recent ribbon cuttings, saying it shows an interest in the project on Baltimore Street, and added
it’s the right thing to revitalize the downtown area. Council agreed, saying the Rosenbaum is
amazing, and that the City is headed in the right direction. They discussed the high school
students that were there the day of the ribbon cutting, saying there were role models and
entrepreneurs there for them, and how important it is, when many adults say there’s nothing here
for young people.

V. ADJOURNMENT

With no further business at hand, the meeting adjourned at 6:00 p.m.

Respectfully Submitted,

Allison K. Layton
City Clerk

Minutes approved on: December 5, 2023