

Mayor and Council Executive Session, Work Session, and Special Session (38th Voting Session) April 5, 2022 Agenda

"The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe, and vibrant neighborhoods."

"The City of Hagerstown shall be a community focused municipality"

The agenda and meeting packet is available at www.hagerstownmd.org/government/agenda

"The elevator to success is out of order. You'll have to use the stairs...one step at a time." -Joe Girard

EXECUTIVE SESSION

3:00 PM 1. The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.

3:00 PM 2. Executive Session Agenda

4:00 PM WORK SESSION

4:00 PM 1. Proclamation: National Poetry Month

4:05 PM 2. Special Recognition: Afegenwi Minang

4:10 PM 3. Proposed Charter Amendment Resolution - General Obligation Discussion ~ Michelle Hepburn, Chief Financial Officer, and Lindsey Rader, Bond Counsel with Funk and Bolton

4:25 PM 4. FY23 Budget Initial Discussion ~ Scott Nicewarner, City Administrator, Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting & Budget Manager

4:45 PM 5. Planning Commission Recommendation to Mayor and City Council: Conversion District Overlay at 535 Summit Avenue (Surrey School) ~ Megan Flick, Planner

4:50 PM 6. Review of Central Lot addition to the Competitive Negotiated Sale Program ~ Doug Reaser, Business Development Specialist

5:05 PM 7. National Opioid Distributors and J&J Settlements Update ~ Jason Morton, City Attorney

SPECIAL SESSION

1. Approval of Motion Authorizing, Approving, and Directing the Deposit of All Funds Paid to the City in Connection with its Litigation Against Contributors of the Opioid Addiction Crisis into the City's Special Grant Revenue Fund

2. Approval of Purchase of One Vehicle for Police Use - Gene Latta Ford (Hanover, PA) \$ 22,034.00

CITY ADMINISTRATOR'S COMMENTS

MAYOR AND COUNCIL COMMENTS

ADJOURN

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Executive Session Agenda

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

April_5__2022_Executive_Session.pdf

Description

Executive Session Agenda



EXECUTIVE SESSION

MAYOR & CITY COUNCIL

APRIL 5, 2022

AGENDA

3:00 p.m. EXECUTIVE SESSION

1. To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State; (# 4)
**One business proposal*
2. To conduct collective bargaining negotiations or consider matters that relate to the negotiations; (#9)
**Two union contract agreements*

***AUTHORITY: Annotated Code of Maryland, General Provisions Article: Section 3-305(b)**
(Subsection is noted in parentheses)

CITY OF HAGERSTOWN, MARYLAND

PUBLIC BODY: Mayor & City Council

DATE: April 5, 2022

PLACE: Council Chamber, 2nd floor, City Hall

TIME: 3:00 p.m.

AUTHORITY: **ANNOTATED CODE OF MARYLAND, GENERAL PROVISIONS ARTICLE: Section 3-305(b) :**

1. To discuss:
 - ☐ (i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - ☐ (ii) any other personnel matter that affects one or more specific individuals;
- ☐ 2. To protect the privacy or reputation of individuals with respect to a matter that is not related to public business;
- ☐ 3. To consider the acquisition of real property for a public purpose and matters directly related thereto;
- ☒ 4. To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State;
- ☐ 5. To consider the investment of public funds;
- ☐ 6. To consider the marketing of public securities;
- ☐ 7. To consult with counsel to obtain legal advice;
- ☐ 8. To consult with staff, consultants, or other individuals about pending or potential litigation;
- ☒ 9. To conduct collective bargaining negotiations or consider matters that relate to the negotiations;
- ☐ 10. To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans;
- ☐ 11. To prepare, administer or grade a scholastic, licensing, or qualifying examination;
- ☐ 12. To conduct or discuss an investigative proceeding on actual or possible criminal conduct; or
- ☐ 13. To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter; or
- ☐ 14. Before a contract is awarded or bids are opened, discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- ☐ 15. Administrative Function

EXECUTIVE SESSION AGENDA

City Hall • Council Chamber • 1 East Franklin Street • Hagerstown, MD 21740
301.739.8577, Ext. 113 • Telephone for the Hearing Impaired 301.797.6617

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Proclamation: National Poetry Month

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Special Recognition: Afegenwi Minang

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Proposed Charter Amendment Resolution - General Obligation Discussion ~ *Michelle Hepburn, Chief Financial Officer, and Lindsey Rader, Bond Counsel with Funk and Bolton*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Description

Hagerstown -
_03.30.22_Memo_to_M_C_Regarding_Proposed_Charter_Amendment_Res._ (Section_717).pdf

Proposed
Charter
Amendment
Resolution
General
Obligation
Discussion
Memo

Hagerstown -
_Draft_Charter_Amendment_Resolution_re_Section_717_for_Council_04.05.22_Work_Session.pdf

Proposed
Charter
Amendment
Resolution
General
Obligation



Lindsey A. Rader


lrader@fblaw.com

410.659.7758



MEMORANDUM

TO: Mayor and Council of City of Hagerstown

FROM: Lindsey A. Rader, Funk & Bolton, P.A., Bond Counsel to the City 

DATE: March 30, 2022

RE: Proposed Charter Amendment Resolution Regarding Article VII, Section 717
(General Obligation Borrowings)

Provided with this Memorandum is a draft of a proposed Charter Amendment Resolution providing for the repeal and re-enactment, with amendments, of Article VII, Section 717 of the Charter of the City of Hagerstown (the "Charter"). I will be available at the April 5, 2022 work session of the Mayor and Council to answer any questions concerning the draft Charter Amendment Resolution. It is proposed that the Charter Amendment Resolution be introduced at the regular session on April 26, 2022, that a public hearing regarding the Charter Amendment Resolution (which is now required by Maryland law) be held on May 10, 2022, and that the Charter Amendment Resolution be considered for adoption at the regular session on May 24, 2022.

The issuance of general obligation bonds, notes or other evidences of indebtedness by a Maryland municipality, absent other specific statutory authority, is governed by Sections 19-301 to 19-309, inclusive, of the Local Government Article of the Annotated Code of Maryland (the "Enabling Act") and by the municipality's charter. Generally, to the extent a charter does not provide for certain details, then the provisions of the Enabling Act control. The Enabling Act allows a municipality to amend its charter to provide for different procedures or details than those set forth in the Enabling Act.

(Note: certain other Maryland statutes also contain authority for the issuance by a municipality of general obligation debt for specific purposes, including, for example, provisions of the Environment Article regarding loans from the Maryland Water Quality Financing Administration and provisions of the Housing and Community Development Article regarding loans from the Maryland Community Development Administration for infrastructure projects, any of which loans are repaid by general obligation bonds of the borrowing municipality.)

Article VII, Section 717 of the Charter (as set forth in the Department of Legislative Services's Municipal Charters of Maryland series) currently provides as follows:

“Section 717. Bond Issues – Borrowing.

The city shall have the power to borrow money for any proper public purpose in accordance with the provisions of the Annotated Code of the Public General Laws of Maryland; and, to evidence such borrowing by the issue and sale of its general obligation bonds, notes or other evidences of indebtedness in the manner prescribed by the Annotated Code of the Public General laws [NOTE: “Laws” in the online version of the Charter] of Maryland, except that any such bonds, notes or other evidences of indebtedness may be sold by negotiation at private sale without solicitation of competitive bids if the ordinance or resolution authorizing such borrowing so provides.”

In order to sell general obligation debt directly to a bank, the United States of America (for any of the United States Department of Agriculture loan programs), or in a negotiated underwriting, a Maryland municipality must have what is known as “private sale” authority in its Charter. The City has had that authority in the existing Charter Section 717 for years.

The City often sells larger issues of general obligation bonds (typically \$5 million or more in original aggregate principal amount) by a method customarily referred to as “public sale by competitive bid” or “at public sale by the solicitation of competitive bids” or similar terms. (Issues smaller than \$5 million may also be sold by this method for various reasons.) Section 717 of the Charter does not specify the procedures for such method of sale; therefore, the Enabling Act provisions control when the City uses that method of sale.

For a public sale by the solicitation of competitive bids, the sale date and time is set ahead of time and, on that date, the City receives electronic bids over an electronic platform variously referred to as BidComp/Parity/www.i-dealprospectus.com. The terms of the sale are set forth in a very detailed notice of sale. With this method of sale, the only variables that bidders may specify are (i) the interest rate (coupon rate) for each maturity, (ii) whether any run of stated maturities will be combined to form a term bond, and (iii) the purchase price over par (principal amount) that a bidder will pay to purchase the issue. Firms that have the ability to underwrite the issuance of municipal bonds (such as Robert W. Baird & Co., Janney, JPMorgan Chase, etc.) submit bids at the stated date and time and, working with the City’s financial advisor, the City determines the firm that submits a bid with the lowest true interest cost. The winning bidder’s bid is subject to adjustment as to principal amount (and, correspondingly, purchase price) in accordance with the terms of the notice of sale, in order to make sure the City does not end up with more proceeds than it needs for the purpose of the issue.

Absent contrary provisions in a charter, the Enabling Act provides that for a public sale at competitive bid the full notice of sale must be published at least twice in a newspaper of general circulation in the municipality, with the first publication being at least 10 days prior to the sale. The notice of sale is also included as an appendix to the Preliminary Official Statement for the general obligation debt in question. The Preliminary Official Statement is a disclosure document

that contains information regarding the terms of the issue as well as financial, economic and demographic information concerning the City.

Underwriting firms that routinely submit bids for public sales at competitive bid used to subscribe to newspaper clip services that gathered notices of sale published in newspapers across the country. Once use of electronic bidding platforms and the ability to post Preliminary Official Statements electronically became the standard, underwriting firms discontinued such newspaper clip service subscriptions. They now get their sale information from the notice of sale included in or with the Preliminary Official Statement as posted to a special website used for the submission of electronic bids. Notices of sale are lengthy, and the costs to publish them twice in a newspaper can be significant.

I have recommended that the City amend Charter Section 717 in order to allow the City to dispense with the two times publication requirement regarding notices of sale when the City sells general obligation debt by public sale at competitive bid. Because I recommend the City amend the Charter for that purpose, I also recommend that the City expand that Charter Section to set forth the procedures to be followed when authorizing general obligation debt and to give the City some additional flexibility as described below.

The proposed Charter Amendment Resolution confirms that City general obligation debt may be sold by private sale or at public sale (which are the terms now used in the Enabling Act). The proposed Charter Amendment Resolution gives the Council the option for any general obligation debt sold at public sale by solicitation of competitive bids to determine to publish the full notice of sale, to publish only a summary notice of sale, or to disseminate the notice of sale in any then-customary manner (without any publication), and specifies that if the Council chooses to publish the full or summary notice of sale, publication may be in a newspaper of general circulation in the City only one time at least 7 days prior to the sale (rather than twice). The proposed Charter Amendment Resolution also (i) confirms that certain details of a general obligation borrowing may be determined or provided for by resolution after the Council first enacts an ordinance specifying certain details (which has been the City's standard practice), but reserves to the Council the right to determine or provide for all details of a particular financing by ordinance, (ii) provides that general obligation debt may be sold at, above or below par value, and (iii) specifies that general obligation debt may be sold for cash or other valuable consideration (absent this provision, debt may only be sold for cash). Allowing the City to sell debt for less than par value will be helpful if the City sells general obligation debt through a negotiated underwriting.

The proposed Charter Amendment Resolution gives the City flexibility. It does not take away any of the City's current powers with regard to general obligation debt. It will be the Council's choice what method of sale or procedures to use for any general obligation debt issue on a case-by-case basis.

L.A.R.

CITY OF HAGERSTOWN, MARYLAND**CHARTER AMENDMENT RESOLUTION NO. _____**

A CHARTER AMENDMENT RESOLUTION OF THE COUNCIL OF THE CITY OF HAGERSTOWN (THE “COUNCIL”) FOR THE PURPOSE OF REPEALING AND RE-ENACTING, WITH AMENDMENTS, ARTICLE VII, SECTION 717 OF THE CHARTER OF THE CITY OF HAGERSTOWN (THE “CITY”) FOR THE PURPOSE OF AUTHORIZING THE CITY TO BORROW MONEY FOR ANY PROPER PUBLIC PURPOSE AND TO EVIDENCE SUCH BORROWING BY THE ISSUANCE AND SALE OF ITS GENERAL OBLIGATION BONDS, NOTES OR OTHER EVIDENCES OF INDEBTEDNESS (THE “OBLIGATIONS”); SPECIFYING THAT THE COUNCIL SHALL AUTHORIZE BY ORDINANCE (1) THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF ANY SUCH OBLIGATIONS TO BE ISSUED, (2) THE PURPOSE(S) FOR WHICH SUCH OBLIGATIONS SHALL BE EXPENDED, (3) A PLEDGE OF THE SECURITY FOR SUCH OBLIGATIONS AND, IF APPLICABLE, A STATEMENT THAT SUCH OBLIGATIONS SHALL BE PAYABLE IN THE FIRST INSTANCE FROM A SPECIFIED SOURCE OF REVENUE OR PROVISIONS FOR THE MAKING OF SUCH STATEMENT BY RESOLUTION, AND (4) A REQUIREMENT THAT PRIOR TO ISSUING ANY SUCH OBLIGATIONS THE COUNCIL SHALL ADOPT A RESOLUTION REGARDING CERTAIN MATTERS; PROVIDING THAT ANY SUCH RESOLUTION SHALL CONTAIN, DETERMINE, APPROVE OR PROVIDE FOR THE APPROVAL OF VARIOUS DETAILS REGARDING SUCH OBLIGATIONS, INCLUDING (1) THEIR DESIGNATION, ISSUE DATE, DENOMINATION(S), FORM(S) AND TENOR, (2) THEIR RATE(S) OF INTEREST (WHICH MAY BE FIXED OR VARIABLE OR MAY BE DETERMINED BY A METHOD APPROVED OR PROVIDED FOR), (3) THEIR DATE(S) AND AMOUNT(S) OF MATURITY, AND SERIAL AND/OR TERM MATURITIES OR INSTALLMENTS, (4) WHETHER THEY WILL BE SOLD BY PUBLIC OR PRIVATE SALE, (5) THEIR PRICE(S), WHICH MAY BE AT, ABOVE OR BELOW PAR VALUE, (6) ANY DESIRED REDEMPTION OR PUT PROVISIONS, INCLUDING HOW NOTICE OF REDEMPTION OR PUT SHALL BE GIVEN, (7) THE MANNER OF EXECUTING AND SEALING SUCH OBLIGATIONS, (8) ANY DOCUMENTS OR AGREEMENTS PURSUANT TO WHICH SUCH OBLIGATIONS ARE TO BE ISSUED, OFFERED OR SECURED, INCLUDING FOR THE PURPOSE OF ENHANCING THE MARKETABILITY OF OR AS SECURITY FOR SUCH OBLIGATIONS AND FOR SECURING ANY TENDER OPTION, AND (9) SUCH OTHER PROVISIONS AS THE COUNCIL MAY DETERMINE NECESSARY OR DESIRABLE, INCLUDING WHETHER SUCH OBLIGATIONS SHALL BE SOLD FOR CASH OR OTHER VALUABLE

CONSIDERATION OR FURTHER PROVIDING FOR APPLICATION OF PROCEEDS; PROVIDING THAT ANY SUCH RESOLUTION MAY BE INTRODUCED AND ADOPTED AT A SINGLE SESSION; PROVIDING THAT THE COUNCIL MAY BY ORDINANCE DETERMINE, APPROVE OR PROVIDE FOR ANY OF THE MATTERS SPECIFIED AS BEING DETERMINABLE, APPROVED OR PROVIDED FOR BY RESOLUTION; PROVIDING FOR OR AUTHORIZING THE METHODS BY WHICH ANY SUCH OBLIGATIONS MAY BE BID FOR IN CONNECTION WITH THE SALE OF THE SAME BY SOLICITATION OF COMPETITIVE BIDS AT PUBLIC SALE AND THE METHODS BY WHICH ANY NOTICE OF SALE OR SUMMARY THEREOF MAY BE PUBLISHED OR DISSEMINATED; PROVIDING THAT THE POWER SET FORTH IN SUCH CHARTER ARTICLE VII, SECTION 717 IS ADDITIONAL AND SUPPLEMENTAL TO ANY OTHER APPLICABLE GENERAL OBLIGATION BORROWING AUTHORITY; GENERALLY RELATING TO THE ISSUANCE AND TERMS OF SUCH OBLIGATIONS; PROVIDING FOR COMPLIANCE WITH CERTAIN PROVISIONS OF THE ANNOTATED CODE OF MARYLAND REGARDING CHARTER AMENDMENTS; PROVIDING THAT THIS TITLE CONSTITUTES A FAIR SUMMARY OF THIS CHARTER AMENDMENT RESOLUTION; AND GENERALLY RELATING TO SUCH CHARTER AMENDMENT RESOLUTION.

RECITALS

WHEREAS, pursuant to Article XI-E of the Constitution of Maryland Article of the Annotated Code of Maryland (the “Maryland Constitution”) as currently in effect and Section 4-301 *et seq.* of the Local Government Article of the Annotated Code of Maryland (the “Local Government Article”) as currently in effect, the Council of the City of Hagerstown (the “Council”), the legislative body of City of Hagerstown, a Maryland municipality (the “City”), has the authority to amend the Charter of the City in accordance with the procedures set forth therein; and

WHEREAS, Article VII, Section 717 of the Charter of the City authorizes the City to issue its general obligation bonds, notes, or other certificates of indebtedness in accordance with certain provisions of the Annotated Code of Maryland and such Charter section, but absent an amendment to such Charter section or other applicable Maryland law, the City is required to publish a notice of sale twice in a newspaper of general circulation when selling its general obligation debt by solicitation of competitive bids at public sale; and

WHEREAS, potential bidders of debt sold by solicitation of competitive bids at public sale no longer obtain sale information from newspaper publications, but instead obtain sale information from electronically posted information; and

WHEREAS, bond counsel to the City has recommended that Article VII, Section 717 of the Charter of the City be amended as permitted by Section 19-301 *et seq.* of the Local Government

Article in order to conform the procedures for the sale of general obligation debt by solicitation of competitive bids at public sale to current (and future) customary practices, to detail the procedures for authorization of general obligation debt, and to give the City greater flexibility regarding the issuance and sale of its general obligation debt; and

WHEREAS, the Council deems it to be in the best interests of the City and its residents to so amend Article VII, Section 717 of the Charter of the City; and

WHEREAS, a public hearing was held on the proposed amendment to Article VII, Section 717 of the Charter of the City as required by Section 4-304(a)(2) of the Local Government Article before this Charter Amendment Resolution was considered for adoption.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HAGERSTOWN, THAT:

SECTION 1. Pursuant to the authority of Article XI-E of the Maryland Constitution and Section 4-301 *et seq.* of the Local Government Article, each as currently in effect, Article VII, Section 717 of the Charter of the City of Hagerstown, as published in Municipal Charters of Maryland, Volume 7, 2018 Replacement Edition, as amended to date (the “Charter”), is hereby repealed in its entirety and re-enacted, with amendments, to read as follows, with the additions/replacement section being italicized and, as authorized by Section 4-303(e)(2) of the Local Government Article, without setting forth the repealed text because such entire section is being repealed:

Section 717. General Obligation Debt.

(a) The City shall have the power to borrow money for any proper public purpose and to evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other evidences of indebtedness in the manner prescribed in this Section.

(b) Any general obligation bonds, notes or other evidences of indebtedness shall be authorized by an ordinance that shall contain: (1) a statement of the maximum aggregate principal amount of such obligations to be issued; (2) a statement of the purpose or purposes for which the proceeds of such obligations are to be expended; (3) a pledge of the security for such obligations and, if applicable, a statement that such obligations shall be payable in the first instance from a specified source of revenue or provisions for the making of such statement by resolution; and (4) a requirement that, subject to the provisions of subsection (d) below, prior to the issuance of any such obligations, the Council shall adopt a resolution in accordance with the provisions of subsection (c) below.

(c) Prior to issuing any such obligations identified in subsection (b) above, the Council shall adopt a resolution containing, determining or providing for the determination of, or approving or providing for the approval of: (1) the designation, date of issue, denomination or denominations, form or forms and tenor of such obligations; (2) the rate or rates of interest payable on such obligations

(which may be fixed or variable or may be determined by a method approved or provided for); (3) the date or dates and amount or amounts of maturity, which may be in any denomination and which may be in serial and/or term maturities or otherwise payable in installments; (4) the manner of selling such obligations, which may be by public or private sale, including, without limitation, (A) by solicitation of competitive bids at public sale after publication or dissemination of the notice of sale or a summary thereof, (B) by negotiated underwriting, or (C) by a direct purchase transaction with one or more banks or other lending entities, including, without limitation, any state or federal governmental entity; (5) the price or prices of such obligations, which may be at, above or below par value; (6) any desired provisions relating to the redemption or put of such obligations prior to maturity (which may be at, above or below par value), and the manner of publishing or otherwise giving notice of such redemption or put, including, without limitation, by mail or electronic means; (7) the manner of executing and sealing such obligations, which may be by facsimile or other mechanical or electronic process; (8) any documents or agreements pursuant to which such obligations are to be issued or secured, including, without limitation, agreements with banks, fiduciaries, insurers or others for the purpose of enhancing the marketability of or as security for such obligations and for securing any tender option granted to the holders thereof; and (9) such other provisions regarding the terms, conditions, issuance, sale, delivery and security of and for such obligations as the Council may determine necessary or desirable, including, without limitation, whether such obligations shall be sold for cash or other valuable consideration or further specifying the purposes for which such obligations are to be expended (within the limitations set forth or provided for in the applicable ordinance). By resolution the Council may delegate to a specified official or officials the authority to approve any matters or make any determinations contemplated by this subsection (c). A resolution adopted pursuant to this subsection (c) may be introduced and adopted at a single session of the Council and shall become effective immediately upon adoption or upon the date specified in such resolution.

(d) The Council may, at its option, determine or provide for the determination of, or approve or provide for the approval of, any of the matters referenced in subsection (c) above by ordinance instead of by resolution, including, without limitation, delegating to a specified official or officials the authority to approve any matters or make any determinations contemplated by such subsection (c).

(e) In connection with any sale of general obligation bonds, notes or other evidences of indebtedness by the solicitation of competitive bids at public sale, any such competitive bids may be delivered by electronic and/or facsimile means and/or by any other then-commercially reasonable manner for the public sale of municipal obligations by competitive bid. Any notice of sale may be published in full or in summary form in a newspaper of general circulation in the City and/or a publication having circulation primarily among the investment and financial community, including, without limitation, in The Bond Buyer or any

successor publication, or any notice of sale, rather than being published in full or summary form, may be made available solely via the internet or by other electronic means (including, without limitation, by being posted or available on a website commonly accessible to bidders for municipal obligations, including, without limitation, as part of a disclosure document), and/or any notice of sale or a summary thereof may be provided or disseminated by any other then-commercially reasonable manner for the sale of municipal obligations. The matters referred to in this subsection (e) shall be determined, approved or provided for by the Council by resolution or ordinance in accordance with the provisions of subsection (c) or subsection (d) above, as applicable. To the extent a determination is made to publish a notice of sale in full or summary form, any such publication need only be made once at least seven (7) days before the initial date fixed for sale.

(f) The power conferred on the City under this Section shall be deemed to be additional and supplemental to any other general obligation borrowing authority granted to the City by Maryland, City or federal law, and the City may authorize, issue and secure any such general obligation debt in conformity with this Section and/or any other applicable law.

SECTION 2. The amendment to the Charter proposed by this Charter Amendment Resolution shall be and become effective fifty (50) days after adoption of this Charter Amendment Resolution by the Council unless petitioned to referendum in accordance with Sections 4-304(d) and 4-307 of the Local Government Article within 40 days following its adoption. A complete and exact copy of this Charter Amendment Resolution shall be posted in the City Hall building or other public place for forty (40) days following its adoption by the Council and a fair summary of the Charter amendment shall be published in a newspaper of general circulation in the City at least four (4) times, at weekly intervals, within the forty (40) days following adoption of this Charter Amendment Resolution.

SECTION 3. Promptly after this Charter Amendment Resolution becomes effective, either as herein provided or following referendum, the Mayor of the City shall send or cause to be sent to the Maryland Department of Legislative Services in accordance with Sections 4-308 and 4-109 of the Local Government Article the following information concerning this Charter Amendment Resolution: (i) the complete text of the Charter amendment; (ii) the date of referendum election, if any, held with respect thereto; (iii) the number of votes cast for and against this Charter Amendment Resolution by the Council or in a referendum; and (iv) the effective date of the Charter amendment.

SECTION 4. The Mayor of the City is hereby authorized and directed to carry out or cause to be carried out the provisions of Sections 2 and 3 of this Charter Amendment Resolution.

SECTION 5. The title of this Charter Amendment Resolution is deemed a fair summary hereof for publication and all other purposes.

[CONTINUED ON FOLLOWING PAGE]

The above Charter amendment was adopted by the foregoing Charter Amendment Resolution, which was passed by a vote of _____ members of the Council voting in the affirmative, _____ members of the Council voting in the negative, and _____ members of the Council abstaining.

INTRODUCED before the Council of City of Hagerstown at a public meeting held on the _____ day of _____, 2022.

ADOPTED by the Council of City of Hagerstown at a public meeting held on the _____ day of _____, 2022.

(SEAL)

ATTEST:

CITY OF HAGERSTOWN

Donna K. Spickler
City Clerk

Emily N. Keller, Mayor

Votes of the Council on the Resolution:

_____ votes in favor of the Resolution

_____ votes opposing the Resolution

_____ votes abstaining

Effective: _____, 2022

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

FY23 Budget Initial Discussion ~ *Scott Nicewarner, City Administrator, Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting & Budget Manager*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

FY23_Budget_City_Administrator_Message.pdf

Description

FY23 Budget Initial
Discussion



City of Hagerstown, Maryland

City Administrator's Department

March 31, 2022

Mayor and City Council,

It is with great appreciation to our tremendous City staff that help in the development of this document that I submit to the Mayor and Council of the City of Hagerstown the Fiscal Year 2023 (FY23) Budget.

This past year, the Hagerstown community, along with the state, the nation, and the world continued to recover from the ramifications associated with the COVID-19 pandemic. Though initially seeing our first "back to normal" period in the Summer months, the late Fall and Winter found our City and surrounding community in the grips of the worst outbreak of the disease since the beginning of the pandemic in March, 2020. However, even during the bleakest months, which saw many City staff members contract COVID, the guidelines and processes put in place during the initial months of the pandemic allowed our dedicated staff to continue offering high-quality and timely services we are expected to provide to our citizens. It was also during this time that we were able to transition our operations in ways that directly impacted our citizens to allow for the ability to directly connect to the community.

Through these challenging times, the City has continued moving forward on projects and enhanced services for the community. We were able to do this through solid budgetary policy as well as the infusion of funds from the American Rescue Plan Act of 2021. The ARPA funding included a distribution to the City of \$20.4 million to be received in two installments: \$10.4 million in 2022 and \$10.4 million in 2023. Staff immediately began planning a strategy based upon the interim rules provided by the Federal Government to allocate these funds to the betterment of the community. Ultimately, through discussions with community groups and the elected body, twenty-eight projects and programs were put forth for funding consideration to utilize the first \$10.4 million in funding. These projects range from infrastructure improvements to our water / wastewater / stormwater systems, public health initiatives including outreach to the homeless population, substance abuse support, elimination and rehabilitation of blighted properties, compensation to full-time staff who worked through the pandemic maintaining services to our residents, small business assistance and training, and other capital projects that due to budgetary constraints in the past have not been able to be funded. This strategy will continue into 2023 as additional funding becomes available and projects/programs are reviewed and prioritized.

The City also experienced a renewed and accelerated interest in economic development not only within our downtown but throughout our corporate boundary. The completion of the Northpoint collection of warehouse buildings was nearing completion of its fourth building in the Wesel Blvd. corridor. The increased interest in these facilities locating in our area, as well as the increased interest in our downtown core, are very positive signs for economic recovery in our City. Of course, the major project that the City is fortunate to have being constructed in our downtown is the new Multi-Use Sports and Event Center at the corner of W. Baltimore Street and Summit Ave. This private venture, spearheaded by the acquisition of state funding by our state district representatives, will look to break ground in 2022 and is generating a large amount of interest not only in our downtown core but throughout our corporate boundary. This facility will bring not only baseball fans into the city, but will also bring non-sports events such as concerts, conventions, trade shows, etc. that will provide an economic infusion upwards of 300 days per year. The City is excited for this opportunity and look forward to partnering with the facility and team owners as their project progresses.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

We are also excited to work toward the achievement of this administrations strategic plan finalized in 2021. The strategic plan lays the groundwork for priorities of projects and programs for the next three years, as well as the updating of the vision and mission statement, which are:

VISION STATEMENT: The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe and vibrant neighborhoods.

MISSION STATEMENT: The City of Hagerstown shall be a community focused municipality.

There are eleven focus areas which this administration has identified, including:

- Neighborhoods Revitalization & Sustainability
- Public Safety
- Public Facilities and Infrastructure
- Economic Development
- Citizen-Based Government
- Fiscal Responsibility
- Parks & Recreation for Active / Healthy Living
- Innovative / Progressive Government
- Community Promotion / Pride
- Economic Development Through Sports and Tourism
- Misc. Projects, Goals and Legislative Priorities

City staff look forward to working with this administration in FY23 to accomplish as many of these goals as possible, and this budget has been crafted to begin that effort.

The previous two budgets submitted from my office to the Mayor and Council identified four principles which staff would use to guide us in accomplishing the previous administrations strategic plan. Though the COVID-19 pandemic delayed the implementation of many projects, these four areas remain relevant today and we continue to move forward.

Reinvention and Rethinking City Operations

A positive aspect of the COVID-19 pandemic was the requirement to rethink how government interacts with the community. City staff worked throughout the pandemic to produce innovative ways to continue transacting business without putting health at risk. One of these innovations was the implementation of a new online bill payment system. The system expands the ability for customers to pay all invoices owed to the City through the use of credit cards, VENMO, Apple Pay, and PayPal to name a few. It also, after much interest, allows for the auto payment of bills utilizing a bank account or credit card.

The City also enhanced its use of Geographic Information System (GIS) technology throughout all departments. This technology puts not only additional data at the hands of the interested party, but also the mapping to show location.

Last and certainly not least, the major capital project of the foreseeable future, the Indoor Turf Facility at Municipal Stadium grounds, will provide our residents and visitors a state-of-the-art facility at which to play either individually or in groups a number of indoor sports (and modified outdoor sports) with construction beginning in FY23. This project will be a game changer for our East End district, and believe it will be an amenity our citizens can be proud of.

RAISING UP OUR NEIGHBORHOODS

This effort continues to be the number one way for which the City can expect to increase tax revenues through the increasing of assessed values of properties, especially in our urban core. The assessed

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

values of many of our urban core properties have lagged behind those of outlying City neighborhoods, mainly due to the blighted conditions of many neighborhood dwellings. The infusion of \$500K from the Federal Government in the FY23 budget will allow the City to identify and either demolish those structures beyond repair, or rehabilitate those that remain viable and move them into the hands of homeowners. An additional \$500K of ARPA money will be available to continue this effort into calendar year 2024. We also showed success by instituting the "Operation Take Back" initiative in one of our Bester Community of Hope neighborhoods. Several City departments, including Public Safety, Code Enforcement and the Utilities, met with neighborhood leaders and residents to identify problem areas for blight and substance abuse and took steps to increase patrols, identify and remedy blight conditions, and identify ways in the neighborhood to decrease traffic flow that can generate bad activity. This program will continue in the summer of 2023 in another urban neighborhood in the attempt to "take back" the area and provide its residents a good quality of living.

STEWARDSHIP OF OUR TAXPAYER'S DOLLAR

I am happy to again be able to produce a budget to the Mayor and Council that does not request a real or personal property tax increase. We continue to struggle, as described above, by slower than average increases in assessed values, but expect that the increase in new construction of residential and commercial structures within our corporate boundary will provide us the revenue necessary while we continue to work on our existing housing / commercial inventory. The Mayor and Council made a commitment in their goal setting sessions to ensure that our employees experienced increases in salary/wages to compete with other markets. We have done this within our budget through both union contract offerings and our non-union pay scale. It is important that we pay a marketable wage for all positions, yet not a wage that puts the City behind the eight-ball related to sustainability as recognized through the percentage of our general fund that accounts for this expense. We cannot grow, however, without the ability to attract and retain the best available candidates for all City positions and we believe this budget allows for that.

MAINTAINING MOMENTUM OF ECONOMIC DEVELOPMENT

The City of Hagerstown continues to receive huge amounts of interest from prospectors and developers of all forms of business not only in our brownfield areas but also in our urban core. The pending construction of the Multi-Use Sports and Events Center, as well as the Hagerstown Indoor Turf Facility at the location of the former Municipal Stadium, are just two examples of what many see as quality-of-life improvements they want to capitalize on. This proposed budget maintains the level of economic incentives which are setting Hagerstown apart as a destination of choice for those looking for quality development land, a solid water, wastewater and electric utility infrastructure, and a vibrant community quality of life. The strategic plan produced by the Mayor and City Council provide the framework of moving this momentum forward toward additional opportunities of business attraction and quality of life that any business looking to either begin or relocate a business would be proud to be a part of.

LOOKING AHEAD

"It's amazing how a little tomorrow can make up for a whole lot of yesterday." — John Guare, Landscape of the Body

As I have stated many times in the past two years, who would have thought back in March 2020 that we would be, in March 2022, still dealing with the COVID-19 pandemic. However, we hope that the "whole lot of yesterdays" are behind us and we can move full steam ahead into an exciting tomorrow for the City of Hagerstown. With the dedication and enthusiasm of City staff, and the support and vision of the elected body, the future for many tomorrows is bright for our citizens, our customers and our visitors. We stand ready to meet the challenges FY23 will bring.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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HAGERSTOWN'S ASSESSABLE BASE AND PROPERTY TAX RATE

The 2023 Constant Yield Tax Rate notice from the State Department of Assessments and Taxation (SDAT) indicates a July 1, 2023 constant yield tax rate of \$0.9978 per \$100 for all classifications excluding Apartments and tax rate of \$1.0095 per \$100 for Apartments Only. The constant yield tax rate is the calculated amount needed to maintain the current revenue levels in the next fiscal year and is based on estimates. The total amount reflected by SDAT as the constant yield tax rate is lower than the current real estate tax rate charged of \$1.002 per \$100 for all classifications except Apartments. This simply means that the current estimates reflect a growth of 0.6% in assessed values will occur which would generate approximately \$167.7K more in revenue than the current fiscal year if the tax rate remains the same.

FY23 is the third year of the triennial assessment period which means that real estate market values will be reassessed again in December 2022. In addition, there has been some new developments, as well as renovations within the city's enterprise zone area. Based on the current data available from SDAT, the City anticipates that there will be overall growth of 3.5% in total property tax revenue dollars. The assessed values and resulting revenues are primary funding sources for most of the governmental services that are provided by the City. The majority of all revenue in the City's General Fund is from total property revenue which includes personal property tax. In fact, total property tax revenues represent 69.6% of current revenue sources in the FY23 Proposed Budget or 64.2% of all revenue sources when including transfers and fund balance utilization.

A fifteen year history of the change in the City's assessable tax base and property tax revenues is included in Section 2 page 6.

While property tax revenue is important to City operations, it impacts all citizens and business owners. The City strives to be fiscally prudent while balancing the needs of the surrounding community. The below chart reflects costs residential homeowners will pay on average based assessed home value:

Estimated Average Homeowner Tax Bill:

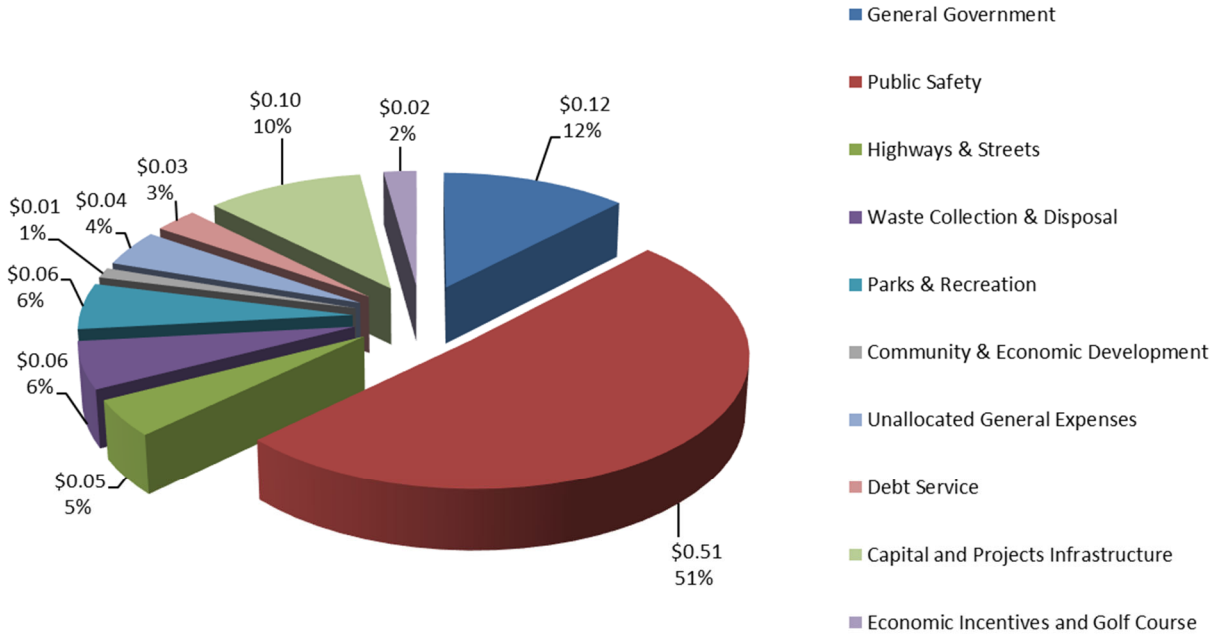
Home Values	1.002	1.002
	Annual Payment	Monthly Average
\$ 75,000	\$ 751.50	\$ 62.63
\$ 100,000	\$ 1,002.00	\$ 83.50
\$ 125,000	\$ 1,252.50	\$ 104.38
\$ 150,000	\$ 1,503.00	\$ 125.25
\$ 200,000	\$ 2,004.00	\$ 167.00

How is property tax revenue spent? The majority of property tax dollars will be spent to maintain existing City services at current levels; provide salary enhancements as approved in collective bargaining union contracts; cover increasing costs of employer paid benefits; invest in capital infrastructure improvements that have been deferred; and accommodate annual debt service requirements. The chart on the next page reflects a little more detail and specifics on how the City spends each tax dollar received:

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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HAGERSTOWN'S ASSESSABLE BASE AND PROPERTY TAX RATE (CONTINUED)

**FY23 Proposed Budget
Spending Breakdown for Each Tax Dollar Received**



CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

HAGERSTOWN FIELD HOUSE

There is exciting momentum for the construction of a new indoor complex, the Hagerstown Field House, in the eastern section of the City. This project is anticipated to span three fiscal years, with a projected opening in the Fall of 2023. The project began in FY22 with multiple study and design phases. Eastern Sports Management, the City's partner, conducted several public session meetings as well as interviewed various community stakeholders for input. At this time, the primary funding source for construction will be bond issues. However, City leadership has started to research and lobby for support from others, including the State of Maryland, to partner in this community endeavor. Specific details for this new facility are summarized below, as well as in Section 7.

PROJECT DESCRIPTION:

A 114,000 square foot indoor recreation facility that includes two turf fields, six hard courts, fitness area, restaurant, kids' zone and other space to support operations. The facility will be constructed at the former Municipal Stadium site. The facility will serve the youth and young adults of our community with a secondary benefit of sports tourism, especially on weekends.

Through an extensive proposal process, the City selected and contracted with *Eastern Sports Management (ESM)* to be our private sector partner and to facilitate design, construction and operations. ESM operates several similar or larger facilities on the east coast and is developing other facilities in partnership with other cities.



CONCEPT DESIGN
HAGERSTOWN FIELD HOUSE



PROJECT BENEFITS & JUSTIFICATION:

ESM contracted with *Pinnacle Indoor Sports* to conduct the market analysis. They conducted extensive interviews with dozens of existing local sports and recreation stakeholders and user groups as well as a demographic analysis. They concluded the community interest is in place and the facility would be financially successful provided it was operated well and had limited debt service.

Copies of business plan, design concepts, financial projections and market feasibility are available upon request.



DESIGN/CONSTRUCTION COST ESTIMATE:
\$22,685,000

TASK	DESCRIPTION	STATUS	COST	FUNDING SOURCE
Market Feasibility	Victus Advisors	COMPLETED 2018	\$30,000	City of Hagerstown
Develop business plan, design concepts, financial projections and market feasibility	Phase I contract with ESM	COMPLETED FEBRUARY 2022	\$70,000	City of Hagerstown
Develop full site plans, 35% building plans, operating agreements and economic impact	Phase II contract with ESM	CONTRACTED AND COMPLETE BY SUMMER 2022	\$500,000	City of Hagerstown
Stadium Demolition	Prepare site for Field House	CONTRACTED AND COMPLETE BY SUMMER 2022	\$85,000	City of Hagerstown
Final Design and Construction	Phase III contract with ESM. Begin construction Fall 2022	OPEN FALL 2023	\$22,000,000	Funding Partners and the City of Hagerstown

REQUEST: *The City of Hagerstown is grateful for any financial support for this critical project to benefit the youth and families of our community.*

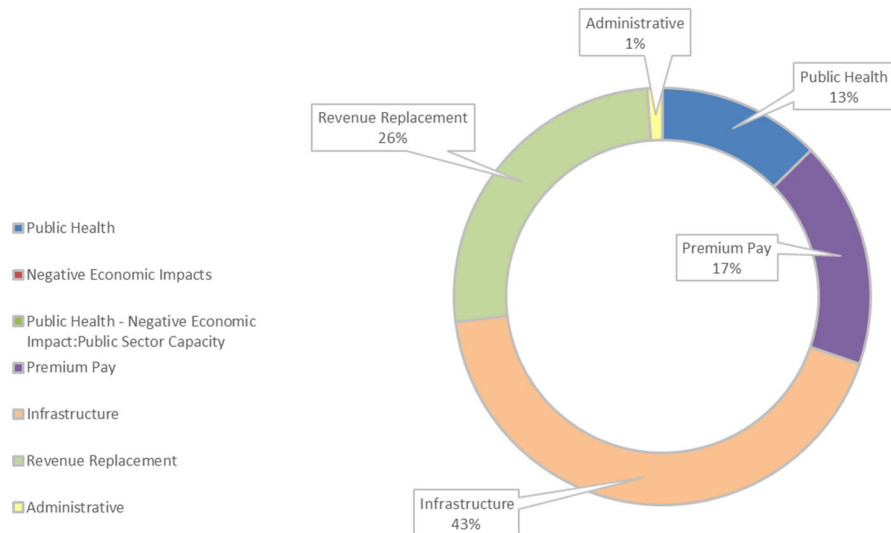
CITY OF HAGERSTOWN'S BUDGET MESSAGE
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AMERICAN RESCUE PLAN ACT OF 2021

The American Rescue Plan Act of 2021 provided the City of Hagerstown a total of \$20.4 million. \$10.2 million was received in May 2021, and the remaining \$10.2 million in funding is scheduled to be received in May 2022. The funding must be spent or appropriated by December 2024. The chart below details total appropriations and spend as of March 31, 2022.

Funding Source: American Rescue Plan Act of 2021 (ARPA)	ARPA Expenditure Category	Capital Project Number	FY21 Actual	FY22 Estimated Act	FY23 Proposed Bud
General Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	1,517,865	-	-
Grant Coordinator Position (approved in FY22)	Administrative	N/A: Operating		48,278	89,853
Grant Equipment, Software, and Supplies (approved in FY22)	Administrative	N/A: Operating		3,770	200
Police Body Worn Camera Maintenance Costs	Revenue Replacement	N/A: Operating		-	65,000
32 N Potomac Building Acquisition (approved in FY22)	Public Health	45-C0854		800,522	-
Customer Service Payment Kiosk: 32 N Potomac Building (approved in FY22)	Public Health	45-C0854		-	50,000
32 N Potomac Building: Partial Funding Customer Lobby Renovation (approved in FY22)	Public Health	45-C0854		-	125,000
Fire Ladder Truck: Partial Funding (approved in FY22)	Revenue Replacement	45-C0010		1,200,000	-
Hagerstown Ice Rink: Partial Funding Air Quality and Condensation Unit	Public Health	45-C0843		-	450,000
Public Works/Parks: Backhoe (approved in FY22)	Revenue Replacement	45-C0570		129,000	-
Information Technology: Citywide Software Office 365 Implementation (Telework)	Public Health	45-C0006		-	120,000
Information Technology: Citywide Phone System Upgrade (Telework)	Revenue Replacement	45-C0006		-	75,000
Police: Fire Range Target System	Revenue Replacement	45-C0226		-	40,000
Fuel Station Management and Tank Gauge System	Revenue Replacement	45-C0352		-	20,000
Professional Court Extension: Partial Funding	Revenue Replacement	45-C0685		-	1,150,000
Fire Facilities: Natural Gas Generator	Revenue Replacement	45-C0870		-	50,000
Subtotal General Fund:			1,517,865	2,181,570	2,235,053
Electric Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	134,563	-	-
Subtotal Electric Fund:			134,563	-	-
Water Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	252,978	-	-
Subtotal Water Fund:			252,978	-	-
Wastewater Fund					
Employee Premium Pay	Premium Pay	N/A: Operating	215,300	-	-
Camera Truck: Mainline and Lateral Launcher (approved in FY22)	Revenue Replacement	54-C0004		-	425,937
East End Pump Station #33: Funding for Construction of new Pump Station at Hebb Road	Infrastructure	54-C0565		-	3,000,000
Pump Station #13 Reconstruction: Partial Funding of Pump Station at Western MD Parkway	Infrastructure	54-C0574		-	2,235,000
Subtotal Wastewater Fund:			215,300	-	5,660,937
Parking, Golf, and Stormwater Funds:					
Employee Premium Pay	Premium Pay	N/A: Operating	32,295	-	-
Subtotal Parking, Golf, and Stormwater Funds:			32,295	-	-
Total ARPA Funding Used			2,153,000	2,181,570	7,895,990

American Rescue Plan Act Utilization
FY2021 through FY2023



CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

APPROPRIATION OF GENERAL FUND RESERVES

The City has a Fund Balance/Retained Earnings policy and adheres and remains with key guidelines of this policy. Specific policy details are reflected in Section 9 on pages 4-5 of this budget book document. The City does not utilize fund balance reserves for recurring operating type of expenditures. However, the City may utilize General Fund balance reserves when balances exceed the policy limits for capital infrastructure needs. A five year history of Unassigned Fund Balance is reflected in the chart below:

General Fund Reserve	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual
Unassigned Fund Balance	9,463	9,958	12,378	12,563	16,679
Total Operating Expenditures	39,781	40,808	42,625	42,909	43,147
Percentage	23.8%	24.4%	29.0%	29.3%	38.7%
Number of Month Expenditures	2.9	2.9	3.5	3.5	4.6
City Fund Balance Policy Minimum Target					
Percentage	17.0%	17.0%	17.0%	17.0%	17.0%
Number of Month Expenditures	2.0	2.0	2.0	2.0	2.0

As a result of prior General Fund surplus and approved capital utilization, the FY23 Proposed Budget does include the appropriation and reallocation of General Fund reserves as a means to reduce General Fund direct transfers to CIP (Pay-go) and to help balance the budget. The balance of previously approved fund balance utilization included is \$0.5M to fund a variety of needs across General Fund departments. As a result of an unanticipated FY21 surplus due to federal dollars, there is planned utilization of \$2.3M in new fund balance monies in the FY23 budget. Finally, there is additional utilization suggested as many priority items are happening at the same time and bond capacity is being reserved for the Hagerstown Field House and the 3rd Parking Deck. While complete listings with detailed information of each of the projects are reflected in Section 7 under the CIP projects, a summary chart is included below for reference:

Funding Source: General Fund FB Reserves	Capital Project Number	FY23 Proposed Bud
Previously Approved and Reallocated Surpluses:		
Consolidation of Public Safety Assets	45-C0687	250,000
Professional Boulevard	45-C0685	40,000
Downtown Redevelopment	45-C0854	205,000
Subtotal Reallocated Use of FB Reserves:		495,000
FY21 Reserve Surplus Usage:		
Hagerstown Field House	45-C0041	750,000
Downtown Redevelopment	45-C0854	960,000
Fire Burn Building	45-C0241	500,000
Professional Boulevard	45-C0685	100,000
Subtotal FY21 Reserve Surplus Usage:		2,310,000
Additional FB Reserves:		
Consolidation of Public Safety Assets	45-C0687	750,000
Subtotal Additional FB Reserves:		750,000
Total General Fund FB Reserves Used		3,555,000

Even though the proposed budget does not include a transfer to Economic Redevelopment Fund for the former Invest Hagerstown program, \$250K remains reflected as Committed General Fund Balance to be utilized in the future when this project commitment moves forward. Details of ending General Fund Balance, including the unassigned reserve, can be found in Section 2 on the bottom of page 2.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

ECONOMIC INCENTIVES AND INCENTIVE PROGRAMS

One focus area of the Mayor & Council Strategic Plan is Economic Development and being business-friendly to support the community's needs. Economic Development encompasses a variety of departments, projects, programs, and services. To this end, the City has many types of incentive program and initiatives it provides as a vital component to supporting business growth and helping to grow strong neighborhoods. Some of the incentives are strictly locally administered and funded while others are administered and funded by various parties. The chart below summarizes at a very high level the majority of City administered and City funded incentives that are included in the FY23 Proposed Budget:

City Administered and City Funded Incentive Programs	City Fund	FY23 Proposed Budget
Individual/Customized Incentives Customized incentives primarily for businesses	Economic Redevelopment	35,000
Spring Sprout Grants For-profit businesses in downtown CC-MU zoning district Funding is combined total with Individual/Customized Incentives	Economic Redevelopment	Included above
Invest Hagerstown City Center Redevelopment Grant Program City-wide Redevelopment Grant Program Home Ownership Grant Program Rental Property Rehab Grant Program Façade Grant Program	Economic Redevelopment	500,000 150,000 120,000 55,000 30,000
Partners in Economic Progress (PEP) Property owners & businesses in downtown CC-MU zoning district	Economic Redevelopment	131,500
Strategic Demolition Fund (SDF) Fire line water vault grant program for Main Street area	Economic Redevelopment	137,500
Community Legacy Vacant White Elephant Buildings Upper Floor Market Rate Housing Development Acquisition/Rehab of Blighted Buildings	Economic Redevelopment	100,000 100,000 75,000
Hagerstown Revolving Loan Fund For-profit businesses city wide	Business Revolving Loan	250,000
CARES Covid Funding Administered by third party non-profit agencies to disburse federal grants Income requirements apply CARES Act Funding Round Two	CDBG	28,751
Single Family Rehab Loans & Rental Rehab Loans Owner-occupied homeowners & investment owners of residential or mixed-use property city wide	CDBG	50,000
Emergency Repair Grants Owner-occupied homeowners city wide	CDBG	40,000
Stormwater Management Large scale incentive projects	SWM	250,000
Total City Administered and City Funded Incentive Programs		2,052,751

A few other incentives that are administered by other parties have a direct impact in other ways to the City's budget and include:

- Arts & Entertainment (A&E) District incentives which is a State of Maryland Program and provides ten year tax credits on changes to assessed values from specific renovations projects; exemption from Admissions & Amusement Tax; and personal income subtractions for qualifying resident artists.
- Enterprise Zone Credit which is a State of Maryland Program and provides real estate property tax credits; and income tax credit for wages paid to eligible new employees.
- US Federal programs include: HUB Zone and Opportunity Zone

Again, the chart above is a summary only. For complete details and requirements on all of the incentives, please visit the City's website at www.hagerstownmd.org/dced for more information.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

COMMUNITY AMENITIES PROVIDED BY THE CITY

The City is committed to not only providing vital services to the community and citizens but also a wide range of amenities. The variety of amenities include green parks, open spaces, a municipal golf course, a municipal pool, parking decks and spaces, a historic farmers market, and many different events throughout the year. These amenities offer recreation opportunities for families and citizens to enjoy and participate with neighbors. Several of the Mayor and Council focus areas in the Strategic Plan 2021-2024 for the next several years center around providing amenities and the positive impact these enhancements provide to the community.

The amenities listed in the chart below are included in various sections and funds in the FY23 Proposed Budget. The chart below reflects and outlines the revenue and costs associated with providing this assortment and range of Community amenities across the City:

CITY OF HAGERSTOWN
SCHEDULE OF AMENITIES
FISCAL YEAR 2022 PROJECTED AND FISCAL YEAR 2023 BUDGET

AMENITY DESCRIPTION	FISCAL YEAR 2022 PROJECTED ACTUAL					FISCAL YEAR 2023 PROPOSED BUDGET				
	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL	DIRECT REVENUE	DIRECT OPERATING EXPENSE	FUNDING FOR CAPITAL BY EXTERNAL PARTIES	CAPITAL EXPENSES	TOTAL
General Fund:										
Farmer's Market	\$ 10,584	\$ 88,484	\$ -	\$ -	\$ (77,900)	\$ 4,000	\$ 16,751	\$ -	\$ -	\$ (12,751)
Potterfield Pool	76,325	179,007	-	-	(102,682)	74,700	188,020	-	25,000	(138,320)
Hager House	9,153	45,373	25,000	127,000	(138,220)	9,115	48,497	100,000	200,000	(139,382)
Train Museum	3,800	28,372	-	13,087	(37,659)	3,800	43,451	135,000	260,000	(164,651)
Municipal Stadium	12,230	43,285	-	-	(31,055)	-	12,208	-	-	(12,208)
All Other Parks*	79,369	1,909,916	2,351,981	3,451,720	(2,930,286)	76,941	2,113,437	1,448,500	2,603,000	(3,190,996)
Ice Rink	36,000	92,007	-	10,300	(66,307)	36,000	93,847	150,000	171,700	(79,547)
All Other Recreation Events	80,900	403,627	-	-	(322,727)	79,500	476,529	-	-	(397,029)
Public Functions	34,684	183,841	-	-	(149,157)	32,000	193,750	-	-	(161,750)
Recreation	5,321	94,211	-	-	(88,890)	13,125	92,500	-	-	(79,375)
Subtotal General Fund	348,366	3,068,123	2,376,981	3,602,107	(3,944,883)	329,181	3,278,990	1,833,500	3,259,700	(4,376,009)
Golf Fund:										
Golf Course	293,700	537,981	30,000	92,490	(306,771)	316,300	538,997	-	63,000	(285,697)
Subtotal Golf Fund	293,700	537,981	30,000	92,490	(306,771)	316,300	538,997	-	63,000	(285,697)
Parking Fund:										
Parking Decks	435,500	585,359	-	150,000	(299,859)	442,250	670,488	-	5,732,000	(5,960,238)
Parking Lots	303,723	267,010	-	24,478	12,235	270,360	299,524	-	80,000	(109,164)
All Other Parking Fund	141,902	103,957	-	-	37,945	142,902	92,385	-	35,000	15,517
Subtotal Parking Fund	881,125	956,327	-	174,478	(249,680)	855,512	1,062,398	-	5,847,000	(6,053,886)
Property Management Fund:										
Property Management	739,563	940,640	-	30,000	(231,077)	691,217	383,219	400,000	420,000	287,998
Burobox	3,200	12,400	-	200,000	(209,200)	3,200	12,400	-	-	(9,200)
Subtotal Property Management Fund	742,763	953,040	-	230,000	(440,277)	694,417	395,619	400,000	420,000	278,798
Total	\$ 2,265,954	\$ 5,515,471	\$ 2,406,981	\$ 4,099,075	\$ (4,941,611)	\$ 2,195,410	\$ 5,276,004	\$ 2,233,500	\$ 9,589,700	\$ (10,436,794)

*All Other Parks includes the Hagerstown Cultural Trail and Urban Improvement Project for FY22 Projected

*All Other Parks includes the Hagerstown Field House for FY22 Projected \$70K and FY23 Proposed Budget \$750K

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS

During FY22, the City has devoted time to financial related topics during Mayor and Council work sessions. The following schedule is a reminder of these. Hopefully, these discussions serve to assist you throughout the year and help you make informative FY23 Budget decisions.

July 13, 2021	<p>Approvals: AFSCME Local 1540 Pay Scale Increase Non-Union Pay Scale Increase</p> <p>Discussion: Lease for BuroBox, 60 W. Washington Street Invest Hagerstown City Center Redevelopment Grant Application – 17-21 E. Franklin Street Water Master Plan Update and Sanitary Sewer Evaluation Grant Coordinator Position DCED Microenterprise Grant Program Doleman Black Heritage Museum (DBHM) Request to Increase Grant Request to DHCD Impact of 2021 State Legislation Passed on Police Reform</p>
July 20, 2021	<p>Discussion: Request for Third Parking Deck Hagerstown Housing Authority Strategic Plan Public Art Projects City Farmer's Market Update Hamilton Hotel Building Stabilization Funding</p>
July 27, 2021	<p>Approvals: Urban Improvement Project Easement to Washington County Technical Assistance and Maintenance Agreement with HUB Parking Technology Lease Agreement with Goshen Investment Properties for BuroBox, 60 W. Washington St. Invest Hagerstown City Center Redevelopment Grant for 17-21 East Franklin Street – WLR Residential properties, Inc. Funding to Ares Investment Group, LLC for Hamilton Hotel Building Stabilization Project at 86-98 W. Washington Street Full-time Temporary Position – Grant Coordinator CDBG Microenterprise Grant Program FY2022 Invest Hagerstown Grant Program Funding Levels</p>
August 3, 2021	<p>Discussion: Proposed Development at Harrison Tract at 1527 Howell Road</p>
August 10, 2021	<p>Discussion: Support Services Update Holly Project – 72 W. Washington Street</p>
August 17, 2021	<p>Discussion: Firefighter Up-Staffing Request American Rescue Plan (ARPA) Update Proposed Lease Terms for 6 North Potomac Street Hamilton Building Incentive FY21 Year-End Adjustments Request Mack Storage Tank replacement</p>
August 24, 2021	<p>Approvals: Parking Lease with Maryland Department of Assessments and Taxation (SDAT) Parking Lease with District Court of Maryland Residential Leases for 12717 Ritchie Road, Smithsburg, MD, and 23510 Warner Hollow Road, Smithsburg, MD Financial Incentive Agreement with Ares Investment Group, LLC for 86-98 West Washington Street Financial Incentive Agreement with Gideon Properties, LLC for the Holly Project at 72 W. Washington Street Reimbursement Agreement with Convention and Visitors Bureau, Inc. CDBG Annual Action Plan Letter of Intent for Lease agreement with The Foundry, LLC at 6 N. Potomac Street Reimbursement to the Washington County Narcotics Task Force Police Recruitment and Retention Grant Fire Fighter Up-Staffing FY21 Year End Transfers between Funds</p>

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

September 14, 2021	Discussion: Administrative Change for PEP/Project Restore Applicants Property Acquisition at 441 South Potomac Street Operation Take Back Update
September 21, 2021	Discussion: Hamilton Building Incentive American Rescue Plan Act (ARPA) – Initial Discussion 2022 Legislative Requests Mayor and City Council Goals and Mission Statement
September 28, 2021	Approvals: FY2022 Strategic Demolition Applications Lease Agreement with The Foundry Pop-Ups LLC, 6 N. Potomac Street MOU with Washington County Soil Conservation District for Future Stream Restorations After School Program – BTJ Dance Group After School Program – Parkside Community Center Policy Addition for Partners in Economic Program City Center Holiday Parking Program
October 5, 2021	Discussion: Community Coalition Legislative Priorities Pump Station #33
October 12, 2021	Discussion: FY23 Agency Contributions City Acquisition of Property – 32 N. Potomac Street
October 19, 2021	Discussion: American Rescue Plan Act (ARPA) Strategic Planning Session Indoor Sports Facility 2021 Hagerstown Ice & Sports Complex Annual Report Approval: Introduce Ordinance to Purchase 32 N. Potomac Street
October 26, 2021	Approvals: Ordinance to Purchase 32 N. Potomac Street Sale of Portion of Property with GB&J's, LLC (Substation) Railway Occupancy Agreement – Sanitary Sewer Lining Resolution to Extend Purchase Agreement for 441 S. Potomac Street Invest Hagerstown City Center Redevelopment Grant for 53 W. Washington Street – Blackthorn Capital Partners LP FY22 Axon Body Camera Payment FY22 Part-Time and Seasonal Employee COVID Compensation for Calendar 2020 Rent Relief for the Hagerstown Ice Amateur Athletic Association
November 2, 2021	Approvals: Introduce Ordinance to Terminate Agreement with Antietam Fire Company, Inc. and to Forgive the balance of Payments Due to the City under the Agreement Introduce Ordinance approving donation of real property to Antietam Fire Company, Inc. Starting salary increase for AFSCME 3373 Increase in incentives and bonuses for officers for the Hagerstown Police Department
November 9, 2021	Approvals: Water Line Relocation Agreement with Hopewell, LLC Discussion: Grant and Program Opportunities for Community Growth through Realtors, Inc. Antietam Fire Company Loan Forgiveness Discussion Review of Process for CDBG Capital Project Funding Requests For Non-Profit Organizations Arts & Entertainment District Redesignation Temporary lease agreement with The Foundry Pop-Ups – 6 N. Potomac Street Incentive Review for Farmers Market Vendors Request to purchase Competitive negotiated Sale (CNS) Property at 25 West Church Street

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

November 16, 2021	<p>Approvals:</p> <ul style="list-style-type: none"> Revised application and guidelines for City Farmers Market Incentive for City Farmer's market vendors Introduce an ordinance authorizing the sale of property located at 25 W. Church Street Lease agreement with The Foundry Pop-Ups, LLC <p>Discussion:</p> <ul style="list-style-type: none"> Public Art Projects Update Wheaton Park Improvement Concepts FY23 Imagine Hagerstown American Rescue Plan Act (ARPA)
November 23, 2021	<p>Approvals:</p> <ul style="list-style-type: none"> Ordinance for sale of portion of property with GB&J's LLC (Substation) Ordinance – termination of agreement with Antietam Fire Company, Inc. and to forgive the balance of payments due to the City under the agreement Ordinance - Donation of real property to Antietam Fire Company, Inc. Ordinance - Authorizing the sale of property located at 25 W. Church Street Parking lease with 664 Oak Hill, LLC for spaces at 49-53 West Franklin Street Grant agreement with the Maryland Department of Housing and Community Development – FY2021 CLG for the Doleman Black Heritage Museum project Sub-Recipient Agreement with the Doleman Black Heritage Museum Project at 465 Pennsylvania Ave FY23 Imagine Hagerstown Budget Mayor and City Council Strategic Plan Funding for Community Coalition Lobbyist Improvements Master Plan for Wheaton Park
December 7, 2021	<p>Discussion:</p> <ul style="list-style-type: none"> Invest Hagerstown program update Program Open Space (POS) Annual Program Hamilton Run Stream Restoration adjunct to Northern Avenue Downtown Stadium Parking Study
December 14, 2021	<p>Approvals:</p> <ul style="list-style-type: none"> Ordinance - Quit Claim Deed for portion of Alley #2-105 to Columbia Gas of Maryland, Inc. <p>Discussion:</p> <ul style="list-style-type: none"> American Rescue Plan Act(ARPA) FY21 Comprehensive Annual Financial Report Red Light and Speed Camera Program update Code Amendments – Chapter 238 and 240 Review of ideas and options for a proposed new Farmer's Market
December 21, 2021	<p>Approvals:</p> <ul style="list-style-type: none"> Assigning and assumption of lease agreement with GB&J's, LLC and HMS Hagerstown, LLC Grant agreement for consultant fees and plan design for Visitor's' Center at the Johnathan Hager House Museum with Maryland Heritage Areas Authority Amendment water line easement agreement with Downsville Lot A-1(50), LLC Downsville Lot A-2(28), LLC and Downsville Lot A-3(62), LLC Application for FY2023 Program Open Space Engagement agreement with Kane, Wilburn & Stone, P.A. to assist Salvatore & Morton in pending litigation Amendment to FY22 CDBG Annual Action Plan – Wheaton Park Enhancements Amendment 2 to the MOU for Potomac Street at Howard Street Signal Improvements Amendment 1 to the MOU for the Marsh Run Multi-Use Trail Project
January 11, 2022	<p>Discussion:</p> <ul style="list-style-type: none"> Invest Hagerstown Homeownership Program Update Synagro Project – Phase 1B and Phase 2 Project Closeout

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

January 18, 2022	<p>Discussion:</p> <p>Goodwill Horizon request for emergency assistance for Homeless Shelter</p> <p>Joint Sewer Service Agreement</p> <p>Second Amendment to Agreement for Purchase of 441 South Potomac Street</p> <p>Amendment to Purchase Agreement for Sale of 25 West Church Street Property</p> <p>Request for Proposals for Outside Operation of the BuroBox</p>
January 25, 2022	<p>Approvals:</p> <p>Second Amendment Extension of Settlement Date for 441 S. Potomac Street</p> <p>Agreement with American Traffic Solutions, Inc. (Red Light Camera Enforcement)</p> <p>Joint Sewer Service Agreement amendments</p> <p>Deed and easement with Ellsworth Properties, LLC – Scuri Fence</p> <p>Amendment to purchase agreement for sale of 25 W. Church St. with Marketplace, LLC</p> <p>Public Art Across Maryland Grant Agreement – Color Blind Mural</p> <p>Request for proposals for outside operation of the BuroBox</p> <p>Power Services Agreement Amendment #8 with Energy Harbor</p> <p>Changes to Invest Hagerstown's Hagerstown Homeownership Initiative (HHI) Program</p>
February 1, 2022	<p>Discussion:</p> <p>Boys and Girls Club of Washington County Project</p> <p>Main Street Hagerstown Update</p>
February 8, 2022	<p>Approvals:</p> <p>Design Services for Improvements to 32 North Potomac Street</p> <p>Design Services for Parking Deck on West Antietam Street</p> <p>Purchase of four vehicles for police use</p> <p>Vehicle Recording Device Grant</p> <p>Discussion:</p> <p>Request for Support of the Black Economic Empowerment Summit 2022</p> <p>Hagerstown Sustainable Communities Renewal 2022</p> <p>Review of Central lot Addition to the Competitive Negotiated Sale Program</p> <p>Request for Exception to City Water and Wastewater Policy –</p> <p>TC Mid Atlantic Development V, LLC</p> <p>Hagerstown Field House</p> <p>Demolition of Municipal Stadium</p>
February 15, 2022	<p>Discussion:</p> <p>Update of the CDBG Funded Microenterprise Grant Program</p> <p>A & E District Boundaries for Redesignation Application</p>
February 22, 2022	<p>Approvals:</p> <p>Subrecipient agreement for Horizon Goodwill ARPA funds</p> <p>First Amendment with REKOR for Automated Speed Enforcement System</p> <p>Agreement for Construction of Clara Barton Memorial</p> <p>Agreement for Ownership Rights and Maintenance for Clara Barton Memorial</p> <p>FY21 General Fund Surplus Allocations</p> <p>Funding Support for the Black Economic Empowerment Summit 2022</p> <p>City-wide Mowing Contract 2022: 3/15/22 – 12/15/22</p>
March 1, 2022	<p>State of the City</p> <p>Hagerstown Skate Park Groundbreaking</p> <p>Discussion:</p> <p>FY21 Popular Annual Financial Report</p> <p>Request for Exception to City Water and Wastewater Policy for</p> <p>TC Mid Atlantic Development V, LLC</p> <p>Review of Annexation Agreement for 14 Western Maryland Parkway</p> <p>Indoor Turf/Field House Advocacy</p> <p>Approval:</p> <p>Government Relations Engagement Agreement with Compass GR Partners</p>

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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MAYOR AND COUNCIL FISCAL WORK SESSIONS AND DISCUSSIONS (CONTINUED)

March 8, 2022	<p>Approvals:</p> <ul style="list-style-type: none">Annexation Agreement for 14 Western Maryland ParkwayTC Mid Atlantic Development V, LLC Request for Water and Wastewater Under the City's Water & Wastewater Policy DiscussionAmendment #1 to Agreement with Eastern Sports Management, LLCAdditional Funding for Up-fitting of Hagerstown Police Department 2021 Dodge Chargers <p>Discussion:</p> <ul style="list-style-type: none">InvoiceCloud Payment Portal DemonstrationCode Amendments to Sections 238 and 240 of the City CodeReview of Feedback from Public Hearing for Redesignation of the A&E DistrictInvest Hagerstown Program Update
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CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

EMPLOYEE WAGE ADJUSTMENT HISTORY AND FY22 PROPOSED

The following chart reflects the wage adjustments authorized by Mayor and Council through previous Fiscal Years back to FY16. It provides a good history of the City's employee pay adjustments.

FY17	Non-Union, IAFF 1605, AFSCME 3373: No COLA, no Steps AFSCME 1540 & IBEW 307: Longevity step based on anniversary date
FY18	Non-Union: 1 step effective 7/1/17 for those hired before January 1, 2017 IBEW 307: 2% COLA, continued longevity steps effective 7/24/17 AFSCME 1540: 1% COLA effective 1/1/18, continued longevity steps effective 7/1/17 AFSCME 3373: Restored longevity steps based on years of service, compressed longevity steps from 22 to 15, steps frozen until 7/2/18. IAFF 1605: restored step increases based on years of service, effective 7/3/17. Steps frozen for duration of contract, 6/30/17 (one year contract) Negotiation continue 3/1/18
FY19	Non-Union: Proposed step increase, proposed add step 14 IBEW 307: 2% COLA effective 7/2/18 AFSCME 1540: 1% COLA, add year 25 step effective 7/1/18 AFSCME 3373: Steps unfrozen effective 7/2/18 IAFF 1605: Move to step should be based on years of service as of 7/2/18; steps remain at that step through FY19
FY20	Non-Union: One step increase effective on anniversary date after 7/1/19 IBEW 307: 2% COLA effective 7/1/19 AFSCME 1540: 1% COLA effective 7/1/19; one step increase on anniversary date AFSCME 3373: One Step increase on anniversary date; 1.5% COLA for step 15 only on 7/1/19. IAFF 1605: Move to step should be based on years of service as of 7/1/19; steps unfrozen as of 7/1/19; one step increase on anniversary date.
FY21	Non-Union: One step increase effective on anniversary date after 7/6/20 IBEW 307: One step increase on anniversary date AFSCME 1540: One step increase on anniversary date AFSCME 3373: One step increase on anniversary date; average 10% COLA on 1/11/21 IAFF 1605: One step increase on anniversary date Minimum wage increased to \$12.50/hr effective 1/1/22
FY22	Non-Union: 1.75% COLA; one step increase effective on anniversary date IBEW 307: One step increase on anniversary date AFSCME 1540: 2.0% COLA; one step increase on anniversary date AFSCME 3373: Market wage adjustments with varying percentages depending on step; changes to Steps 2-14; one step increase on anniversary date IAFF 1605: 3.44% increase to Step 14, 6.58% increase to Step 15 of FAO, DFM, and Captain scales; one step increase on anniversary date Minimum wage increased to \$13.25/hr effective 1/1/23
FY23	Non-Union: Potential salary enhancements Unions: As of the date of this writing, contract negotiations are occurring with all four of the City's bargaining units. Minimum wage increasing to \$14.00/hr effective 1/1/24

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

HIGHLIGHTS OF FY23 PROPOSED BUDGET

The following information included in this section of this budget message provides a summary of the key assumptions and highlights of this FY23 Proposed Budget. These highlights explain the most significant topics and assumptions needed in preparing a balanced FY23 Proposed Budget for Mayor and City Council's consideration. You will find the individual department and fund budget narratives, which appear later in this budget book provide a more detailed explanation.

City-wide Highlights:

1. **Staffing Levels:** The FY23 Proposed Budget includes 441 funded full-time positions with 303 in the General Fund and 138 in other funds and operations. Additionally, there are 42 unfunded positions with 30 unfunded in the General Fund and 12 unfunded in other funds and operations. The changes in staffing in the General Fund include: 1 part-time to full-time position in Code Administration; 1 part-time to full-time position in Support Services; 1 new full-time ARPA Grant Coordinator in Finance; and unfund 7 vacant sworn positions in Police. All of these full-time changes were approved by Mayor & Council in FY22. A schedule of City staffing for all of our operations along with a five year history appears later in this Section on pages 27-28. Subsequent to finalizing the budget document, Community & Economic Development requested the conversion of 1 part-time position to full-time, which is as part-time on this chart.
2. **Employee Compensation Package:** City employees are given a competitive total compensation package. It should be noted that the cost of wages, associated payroll taxes and benefits continues to be the largest expense segment of the overall budget. This is not unexpected as the City is a service provider; however the City is one of very few municipalities and counties to provide any sick leave pay-outs upon leaving employment and to provide an insurance benefit beyond Medicare age. Multi-year contracts were negotiated and approved through FY22 for all four of the City's bargaining units: AFSCME 3373, AFSCME 1540, IAFF 1605, and IBEW 307. All four bargaining unit contracts expire on June 30, 2022 and negotiations for all new contracts are ongoing for each respective group. At the time of budget preparation, the proposed budget includes overall salary enhancement amounts for all full-time staff and include mandated state minimum wage increases. A history of wages since FY17 is included in the summary appearing in this Section on Page 15. General Fund employee and retiree benefits detail information is included on Page 9 of Section 6. Due to current trends and some potential vendor changes, the health insurance plan for FY23 remains flat with no increase over FY22 costs. Additionally, the contribution to City Police and Fire Pension will remain at 14% of salary; however the actuary is reviewing and may recommend that additional funding is now required. As shown on the top of page 10 in Section 6, the General Fund portion of employee and retiree health insurance and pension costs amounts to \$7.4M, which is a 3.6% growth over the FY22 Budget. In total, pension, health and dental insurance costs for all non-General Fund employees and retirees are \$3.0M and appear in the presentation of other Funds throughout the Budget. At the bottom of page 10 in Section 6, the City's share of the cost for employees participating in the State of Maryland Retirement System is projected to be 10.93%, which is an increase of 3.4% over FY22. The five year history of the share of the City and Employee cost appears in the table at the bottom of page 10.
3. **Debt Service Expenditures and Bond Issues:** Information on the City's Bonded Debt Outstanding and Debt Levels and Affordability is presented starting on page 34 of Section 1. The City remains well within our benchmarks as established in our Debt Policy, which was last updated and approved by Mayor and Council in 2014. The chart below provides an overview (in thousands) of the annual debt service requirements compared to all expenses by fund that are included city-wide in the FY23 Budget:

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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Fund	Total FY23 Operating Expenses	Total FY23 Annual Debt Service Expenses	Percent
General Fund	54,746	1,589	2.9%
Electric Fund	26,100	26	0.1%
Water Fund	16,591	2,100	12.7%
Wastewater Fund	14,709	1,654	11.2%
Parking Fund	1,062	108	10.2%
Property Management Fund	396	10	2.4%
Stormwater Management Fund	1,399	57	4.1%
Subtotal of Funds:	115,003	5,543	4.8%

*Numbers in thousands

Section 6 provides five year projections and more information specifically on General Fund annual debt costs and statistics on pages 12-13. Additionally, it is anticipated that a MDE bond issue or loan will be needed in FY23 for Water projects. The only anticipated GO bond issue in FY23 is in the Parking Fund. Total loan and bond issues are reflected below:

Fund	Departments	Project #	Amount
Enterprise	Water	52-C0168	500,000
Enterprise	Water	52-C0274	2,000,000
Enterprise	Parking	56-C0173	5,500,000
Total FY23 Proposed Bond Financing			8,000,000

Staff's assumptions on the size and timing of future Bond Issues including the future projects to need these bond funds appear in the Capital Improvement Program in Section 7 beginning on page 15.

4. **Overview of Capital Improvement Projects (CIP):** The City's total Capital Improvement Program budget for FY23 at \$40.2M is 78.6% higher than the \$22.5M in the FY22 Revised Budget. The CIP Section 7 presents comprehensive descriptions of major project needs for FY23 through FY27. At minimum, the capital needs are reviewed at least annually and include a five year forecast to strategically assist in implementing both short-term and long-term goals and priorities.

General Fund Highlights:

5. **FY23 General Fund Revenues and Expenditures:** The Proposed General Fund revenue of \$54.7M for FY23 represents a increase of \$5.8M or 11.8% over the FY22 Budget. The largest revenue source in the General Fund is total property tax revenue at \$33.0M or 70.2% of all current revenue. Likewise, the Proposed FY22 Budget reflects a decrease of <\$1.2M> or <2.4%> in General Fund expenditures for a total of \$48.6M. The key factors for these offsetting decreases are summarized in this budget message on subsequent pages 36-38 in this Section. The three largest components of the \$48.6M in expenditures are: wages and benefits at \$31.7 or 65.2% of total and a decrease of 2.7% over FY21 Budget; contracted services at \$5.4M or 11.1% of total and an offsetting increase of 3.8% over FY21 Budget; and annual debt service requirements at \$2.3M or 4.7% of total which is a decrease in expenditures of 6.7% over FY21 Budget.
6. **General Fund Five Year Financial Projections:** Using a multi-year focus of the City's financial condition and projections has always been a part of the budget preparation and is continued in this FY23 Proposed Budget. It remains important to examine how the decisions made today and in the current year impact future operational and capital needs. The forecasts for future years encompass strategic planning and short and long term goals and priorities. Section 6 of this document includes

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

the financial projections for various City Funds. The General Fund Projections begin on page 2. These budget deliberations mainly focus on FY23. On page 3 of Section 6, the General Fund reflects a lack of sufficient resources to cover the future projected cost of wages, benefits, and other operational and capital expenditures in FY24 and beyond. The current projections show a shortfall of \$3.8M for FY24 with increasing deficits in subsequent years. Without future changes to service levels, capital equipment and infrastructure, programs, amenities, or increases to revenue, the City cannot continue operations in the manner as projected.

7. **Highway User Revenue (HUR):** With almost full restoration of historical HUR funding in FY23, \$134.1K of the total \$1.4M in HUR will be utilized directly in the General Fund to cover a portion of the annual debt service requirements for projects that had to be funded with GO bond issues when there was not sufficient HUR funding from the state. The remaining anticipated balance of HUR funding will be utilized for capital and infrastructure projects as outlined in Section 7 on page 17. The chart below reflects historical trends and funding received from this state source by the City:

City of Hagerstown
State Shared Taxes: State Highway User Revenue Detail
as of March 31, 2022

	Total	Yearly Change	Over FY09	One-Time Allotments	Annual Allocation	Yearly Change	Over FY09
FY09 Actual	1,899,839.05				1,899,839.05		
FY10 Actual	217,621.80	-89%	-89%		217,621.80	-89%	-89%
FY11 Actual	161,387.12	-26%	-92%		161,387.12	-26%	-92%
FY12 Actual	469,325.59	191%	-75%		469,325.59	191%	-75%
FY13 Actual	301,934.70	-36%	-84%		301,934.70	-36%	-84%
FY14 Actual - includes one-time allotment	1,039,879.51	244%	-45%	722,881.83	316,997.68	5%	-83%
FY15 Actual - includes one-time allotment	1,081,978.18	4%	-43%	748,955.36	333,022.82	5%	-82%
FY16 Actual - includes one-time allotment	1,224,207.10	13%	-36%	884,465.39	339,741.71	2%	-82%
FY17 Actual - includes one-time allotment	1,206,124.86	-1%	-37%	873,766.19	332,358.67	-2%	-83%
FY18 Actual - includes one-time allotment	1,250,240.94	4%	-34%	916,032.11	334,208.83	1%	-82%
FY19 Actual - includes one-time allotment	1,375,305.00	10%	-28%	1,027,992.00	347,313.00	4%	-82%
FY20 Actual	1,558,315.73	13%	-18%	-	1,558,315.73	349%	-18%
FY21 Actual	1,730,254.68	11%	-9%	-	1,730,254.68	11%	-9%
<u>Estimated FY22 based on 9/27/21 memo</u>							
FY22 Projected Annual allotment	1,612,000.00	-7%	-15%		1,612,000.00	-7%	-15%
<u>Preliminary Estimated FY23 budget based on 9/27/21 memo</u>							
FY23 Preliminary Budget	1,403,100.00	-19%	-26%	-	1,403,100.00	-19%	-26%

8. **General Fund Agency Contributions:** A summary of the proposed General Fund appropriations for agency funding appears on page 60 of Section 2. In accordance with the General Fund Agency Funding Policy; the Proposed FY23 Budget includes \$205K in funding for City support of community agencies from the General Fund. With the \$195K across eight core agencies, the FY23 funding proration as proposed equal to the FY18 base funding for each agency. This leaves \$10K as unspecified for any miscellaneous requests that Mayor & Council may receive.
9. **Important Supplemental Factors:** There are factors and items that impact the city and community that are or are not included in this FY23 budget:
- American Rescue Plan Act of 2021 – The City was awarded \$20.4M through the American Rescue Plan Act of 2021. \$10.4M was received in May 2021 and \$10.4M is anticipated to be received in May 2022. The 7 federal expenditure categories are Public Health, Negative Economic Impacts, Services to Disproportionately Impacted Communities, Premium Pay, Infrastructure, Revenue Replacement, and Administrative. City leadership, with Mayor and Council, has worked to develop and implement the spending plan found on page 7. FY23 includes \$7.9M in ARPA expenditures across all funds.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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- b. Ice Rink – There have been some discussions in the past surrounding the need for a second sheet of ice which would require an expansion of the current City-owned facility/building. As a result, there is some funding included in the five year projections in FY27 for this possibility to be funded primarily by others.
- c. Multi-Use Facility – There is no specific funding included in the five year projections for the City to fund toward the construction of a new or renovated stadium or multi-use facility as the State of Maryland has awarded \$59.5 to private organizations to build and manage. However, a 3rd parking deck is included as the City's contribution toward this initiative.
- d. Municipal Stadium – Initial approval has been given to award demolition to a contractor to start the process the first week of April to make room for the future Hagerstown Field House.
- e. 911 Funding – There is \$405K included in the General Fund expenses to continue to fund the existing 911 center contingent upon a signed agreement with the County.

General Fund/Capital Improvement Project Highlights:

10. **Capital Improvement Projects (CIP) for General Fund:** The General Fund portion in the Capital Improvement Program budget for FY23 represents 39.2% or \$15.8M of the total \$40.2M. Section 7 of this budget document provides greater details on the capital projects for the General Fund. The largest portion funding source for these projects is anticipated to be bond financing as reflected in the chart below:

Funding Sources	Amount	Percent
Bond Financing	170,000	1.1%
Contributions, PEG Fees, & Reforestation Funds	312,500	2.0%
Fund Balance Use: CIP Fund	1,827,700	11.6%
Fund Balance Use: General Fund	3,555,000	22.5%
ARPA Grant	2,080,000	13.2%
Other Grants	3,746,325	23.7%
HUR	1,269,000	8.0%
Transfers from Other City Funds (Pay-go)	2,817,400	17.9%
Total Funding Sources for General Fund CIPs	15,777,925	100.0%

Similarly, a breakdown on the spending of this \$15.8M by General Fund department is outlined below with specific details to follow in Section 7:

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Spend by Department	Amount	Percent
Engineering	6,349,000	40.2%
Finance	1,340,000	8.5%
Fire	3,185,000	20.2%
Information Technology	718,000	4.6%
Parks & Recreation	2,509,700	15.9%
Planning & Code Administration	30,000	0.2%
Police	986,225	6.3%
Public Works	660,000	4.2%
Total Capital Spend by Department:	15,777,925	100.0%

11. **Fire Department Capital Project Highlights (CIP45-C0241, CIP45-C0687, CIP45-C0849):** To address fire facility and deployment needs, several individual projects are included in the FY23 Proposed Budget for the Fire Department. These three projects total \$2.8M or 17.4% of the total projects costs for the General Fund. Each of these projects provides opportunities to consolidate administrative staff, command staff, and training staff for the department. These projects should be explored collectively in an effort to provide a cohesive strategic plan and future composition of the City's Fire Department.
12. **Vehicles:** Overall, the FY23 Budget includes \$1.2M for vehicle replacements which represents 7.5% of all planned capital projects for the General Fund. The City strives for a systematic vehicle replacement plan to eliminate costly repairs and to improve efficiency of operations. There is a detail listing that includes each specific vehicle to be replaced per department in Section 7 on pages 9-11. The chart below summarizes the total amount for vehicles each General Fund department has included in the FY23 Budget:

General Fund Departments	Amount	Percent
Vehicles:		
Engineering	30,000	2.5%
Fire	65,000	5.5%
Parks & Recreation	165,000	13.9%
Planning & Code Administration	30,000	2.5%
Police	440,000	37.1%
Public Works	457,000	38.5%
Subtotal Vehicles:	1,187,000	100.0%
Grand Total All General Fund CIPs	15,777,925	7.5%

Other Governmental Fund Highlights:

13. **Community Development Block Grant Fund (CDBG):** The proposed CDBG Budget is included in Section 4. The City utilizes these Federal Grant funds to support downtown and neighborhood revitalization projects along with community agencies and other projects and priorities. For FY23 it is anticipated the CDBG grant entitlement will be \$825K; which is a <1.2%> decrease from FY22. A

CITY OF HAGERSTOWN'S BUDGET MESSAGE
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history of the City's Entitlement Funding is shown on page 6 of Section 4 and reflects an allocation of growth from FY18 levels. Total CDBG expenditures are projected to be \$2.0M in FY23, funded by a combination of new and carry over entitlement funds of \$1.5M plus \$220.1K in program income. These projected expenditures include: \$595.0K for Public Facilities and Improvements; \$183.0K to support Public Services; \$162.0K in Housing Rehab Projects; \$475.0K in Commercial & Industrial Improvements; and \$549.5K for overall administration and demolition. A summary of CDBG revenues and expenditures appears on page 5 with more detailed information on pages 6-8.

14. **Economic Redevelopment Fund:** The proposed Economic Redevelopment Fund Budget is included in Section 4. The fund was established to promote the revitalization of the City's downtown and older neighborhood areas. It is used to promote businesses and home ownership in the City Center and has been used for the PEP Program, Invest Hagerstown, and holding real property for resale. For FY23, it is expected that expenditures will be \$1.5M. Of the total expenditures, \$132K for PEP program rent payments; \$275K for various Community Legacy Grant initiatives; \$855K combined for Invest Hagerstown incentives; and the remaining \$206.3K for general incentives and overall administration. One key property for resale opportunity remains at 170 West Washington St. More detailed information of this Fund is found on pages 10-12.

Enterprise/Business-Type Fund Highlights:

15. **Utility Rates:** The FY23 Proposed Budget represents the fourth year of a five year rate adjustment that was adopted by Mayor and Council on March 26, 2019. These adjustments take place annually on July 1 and include 3% average annual increases for our Water and Wastewater Customers. These approved rate adjustments are included in the FY23 Proposed Budget and in the five year financial projections. A contract for wholesale energy was negotiated in FY17 and the rates are \$49.90 per megawatt hour through FY22. A two-year extension is in place beginning in FY23 with the expected wholesale rate to decrease to \$42.42 per megawatt hour through May 31, 2024. For all three of our utilities, our customers enjoy some of the lowest service charges in our region.
16. **Electric Fund Projects and Equipment:** The capital projects and equipment purchases are summarized in Section 7 page 30 and total \$1.6M for the Electric Fund in FY23. Key purchases and projects include the following: 50-C0550 Kilpatrick Woods \$225.5K; 50-C0090 Electric Vehicles \$405.0K; Meter Replacement \$300.0K; and various smaller projects planned. Electric Fund Revenues and Private Contributions will provide the funding for all projects included in the FY23 Budget.
17. **Water Fund Capital Projects and Equipment:** In FY23, \$6.0M is included for Water Fund capital projects and equipment. These expenditures are summarized beginning on page 32 of Section 7. Key purchases and projects include the following: CIP 52-C0117 Vehicles for \$675K; CIP 52-C0166 Willson Treatment Plant for \$950K; CIP 52-C0168 Edgemont Reservoir Improvements for \$650K; CIP 52-C0274 Mack Water Tank for \$2.4M; CIP 52-C0322 Risk and Resiliency/Security \$150K; CIP 52-C0653 Water Distribution System Meter Program for \$325K; and CIP 52-C0709 Distribution System Rehab – Main Replacement for \$400K. Water Fund Revenue, Bond Financing, and Private Contributions will fund all projects in FY23.
18. **Water Fund - Edgemont Reservoir:** To address regulatory requirements as mentioned above in CIP 52-C0168, \$18.9M has been included in the FY23-FY27 (over a 5 year construction period) Proposed Budget to complete the design and subsequent construction of the required MDE improvements in accordance with the direction by the Mayor and Council and as approved by MDE Dam Safety Division. Edgemont Reservoir (Warner Gap Hollow Dam) was originally constructed in 1902 and used to supplement the Potomac River supply during emergencies, Edgemont Reservoir must be repaired to remain a viable resource. Work will include extensive grouting at the ogee and emergency spillway and the demolition and re-construction of the ogee and emergency spillway to meet the State Probable Maximum Precipitation (PMP) criteria. All work is to address identified seepage under the spillway and at the base of the left abutment (toe) and to meet the PMP requirements.
19. **Wastewater Fund Capital Projects and Equipment:** In FY23, \$9.0M is included for Wastewater Fund capital projects and equipment and is summarized on page 34 of Section 7. Key purchases and

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

projects include the following: CIP 54-C0004 Vehicles for \$1.4M; continuation of CIP 54-C0565 East End Pump Station #33 for \$3.0M; and CIP 54-C0574 Pump Station #13 Reconstruction for \$2.2M. A combination of ARPA Grant Funding, Private Contributions, Grants, and Wastewater Fund Revenue will fund all projects.

20. **Third Parking Deck (CIP 56-C0173) and Parking Fund Operations:** Discussions around the new Multi-Use Facility have indicated a need for another parking deck in the downtown area. In addition, the construction of a third parking deck is part of the Mayor & Council Strategic Plan. As a result, the future budget projections include this identified project. Prior to moving forward, additional planning and design will be necessary. A desired location has been identified and negotiations toward acquisition are ongoing. The location is not yet an absolute. For a new deck to be financially viable to the City, it is critical to have new and additional paying parking system customers in our downtown area beyond current levels. Details specifically on this \$10.2M Third Parking Deck are included in Section 7 on page 163 with timing of this deck to be done over FY23 and FY24 with bond financing as the funding source.

All of the factors above were considered when completing the five year operations outlook for the Parking Fund which begins in Section 6 on page 24 and outlines detailed assumptions. The operating revenues from the new deck, combined with other Parking Fund revenue need to meet total Parking operating expenses plus related debt service expenses to avoid General Fund subsidies. With the inclusion of a third parking deck, it is anticipated that there will be deficits beginning in FY24 which will impact the Parking Fund cash balances in FY25. Rates for parking decks and parking lots were approved for a four year span by Mayor & Council. FY23 will begin the final year of this approved rate schedule.

21. **Property Management Fund:** This Fund provides stewardship over downtown property owned by the City and leased to area business. In Section 3 on page 39 you will find the Expenditure and Revenue Summary showing FY23 Proposed Total Expenditures of \$395.6K and Total Revenues of \$694.4K. Beginning in FY23, there will be four properties remaining in this fund and only two of those buildings have tenants (Elizabeth Hager Center and 60 West Washington Street). 36-40 North Potomac Street was sold in FY22. There are also anticipated capital projects that total \$420.0K in the FY23 Budget which includes improvements to the Alms House that is CDBG funded. More detailed assumptions through FY27 can be found in Section 6 on pages 29-30. Decisions about the continued viability of this fund and the properties held there will be needed as we are projecting a negative cash situation for FY23 and beyond, which would mean increased need for considering contributions from the General Fund.

22. **Stormwater Protection Program:** The goals of the Stormwater Protection Program include: maintain and preserve the existing storm drainage system; limit flooding and runoff-related damages; improve the quality of the water in the Chesapeake Bay and Potomac River through the construction of new treatment facilities and the retrofit of existing facilities; and comply with permit requirements issued by the Environmental Protection Agency. It is estimated that the mandate requirements in improvements will cost the City approximately \$24M. At this time, the FY23 Proposed Budget projections include revenue from a stormwater utility fee that was effective March 1, 2021 with a planned rate change effective January 1, 2023. Rates will become \$36.00 per 1,000 square feet of impervious surfaces. Due to the requirements of the City's MS4 stormwater permit received from Maryland Department of the Environment (MDE), the CIP budget does include project expenditures over the next five years. The funding for these specific projects will primarily be covered by stormwater fees and grants which is reflected in Section 7 on page 42. There are also current operating expenses reflected in the Stormwater Protection Fund for service costs related to stormwater activity.

- a. Stormwater Operating Expenses - \$1.4M in FY23 budget in Section 3 on page 44
- b. Stormwater Capital Expenses - \$1.4M in FY23 budget in Section 7, pages 13, 42 and 43 in summary

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

**COMBINED USES OF FUNDS
FY23 BUDGET BY FUND**

The Adopted FY23 Budget includes \$171.2M in expenditures for all of the City's funds. The City's largest operating fund, the General Fund, is projected at \$54.7M for the coming year, an 11.8% increase over FY22. Utility operations for next year include \$28.2M for the Electric Fund, \$22.6M for the Water Fund, and \$23.8M for the Wastewater Fund. The City's General Capital Improvement Fund for next year is proposed at \$15.8M. The Parking Fund's Budget is \$6.9M and the Community Development Block Grant Fund totals \$2.0M. These represent Hagerstown's major operating and capital funds. Other Special Revenue funds totaling \$2.2M, along with Service and Trust Funds totaling \$10.8M, are also included for next year. Details on the expenditure and revenue assumptions for each Fund, along with program information, is set forth in their individual budgets, which appear throughout the Adopted Budget.

2022/2023 BUDGET BY FUND

	Revised Budget 2021/2022	Proposed Budget 2022/2023	Increase / (Decrease)	Percent Change
General Fund	\$ 48,966,496	\$ 54,746,102	\$ 5,779,606	11.8%
Community Dev. Block Grant Fund	2,083,878	1,964,482	(119,396)	-5.7%
Special Revenue Funds	3,146,604	2,196,268	(950,336)	-30.2%
General/Capital Improvement Projects	14,624,460	15,777,925	1,153,465	7.9%
Total Government-type Funds	68,821,438	74,684,777	5,863,339	8.5%
Electric Fund	26,766,302	28,154,677	1,388,375	5.2%
Water Fund	16,383,289	22,611,201	6,227,912	38.0%
Wastewater Fund	16,573,783	23,779,925	7,206,142	43.5%
Parking Fund	1,269,827	6,909,398	5,639,571	444.1%
Golf Fund	622,038	601,997	(20,041)	-3.2%
Property Management Fund	615,073	815,619	200,546	32.6%
Stormwater Fund	3,195,288	2,833,528	(361,760)	-11.3%
Total Enterprise-type Funds	65,425,600	85,706,345	20,280,745	31.0%
Service & Trust Funds	10,723,518	10,837,648	114,130	1.1%
Total Combined Uses of Funds	\$ 144,970,556	\$ 171,228,770	\$ 26,258,214	18.1%

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

COMBINED STATEMENT OF REVENUES AND EXPENDITURES

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (ALL FUNDS)
FISCAL YEAR 2022/2023

ACCOUNT DESCRIPTION	2020/21	2021/22		2022/23	2022/23
	ACTUAL	BUDGET	EST. ACTUAL	PROPOSED	% CHANGE
REVENUES BY TYPE					
Taxes-Property, Income & Other	\$ 39,824,299	\$ 38,913,272	\$ 39,933,079	\$ 41,429,730	6.5%
Charges for Services	67,453,474	67,661,492	68,089,812	69,639,706	2.9%
Licenses and Permits	3,271,882	2,186,750	2,483,200	2,268,900	3.8%
Fines and Forfeitures	1,439,374	1,322,100	1,268,400	1,300,650	-1.6%
Other Governmental	7,525,781	8,376,381	6,353,354	15,943,085	90.3%
Other / Transfers In	32,502,714	18,687,276	19,992,862	22,438,121	20.1%
Total Current Revenues	\$ 152,017,524	\$ 137,147,271	\$ 138,120,707	\$ 153,020,192	11.6%
EXPENDITURES BY DEPARTMENT					
General Government	\$ 5,938,829	\$ 6,265,068	\$ 6,516,783	\$ 6,699,517	6.9%
Public Safety	25,169,407	25,882,399	25,837,821	27,753,199	7.2%
Highways & Streets	2,483,251	2,521,357	2,348,648	2,485,132	-1.4%
Waste Collection & Disposal	2,835,197	2,985,060	2,962,679	3,178,629	6.5%
Parks and Recreation	2,442,662	2,907,479	2,884,282	3,085,240	6.1%
Community & Economic Development	508,310	655,095	628,961	681,429	4.0%
Community Development Block Grant	1,436,509	2,083,878	1,793,975	1,964,482	-5.7%
Special Revenue Funds	2,215,716	3,146,604	2,966,515	2,196,268	-30.2%
Enterprise Funds	61,094,345	65,425,600	63,928,083	85,706,345	31.0%
Capital Improvement Projects Fund	9,361,583	14,624,460	12,210,882	15,777,925	7.9%
Service and Trust Funds	8,551,977	10,723,518	10,550,891	10,837,648	1.1%
Non-Departmental General Fund	7,719,323	7,750,039	8,120,063	10,862,956	40.2%
Total Expenditures	\$ 129,757,108	\$ 144,970,556	\$ 140,749,584	\$ 171,228,770	18.1%

Note: Statements are for budgetary purposes only and are not intended to satisfy GASB34 requirements.

**CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2022/23**

	GOVERNMENTAL FUND TYPES	ENTERPRISE FUND TYPES	SERVICE AND TRUST FUNDS	COMBINED TOTALS
REVENUES				
Property Taxes	\$ 35,134,632	\$ -	\$ -	\$ 35,134,632
Income and Other Taxes	6,295,098	-	-	6,295,098
Licenses and Permits	2,268,900	-	-	2,268,900
Intergovernmental Revenues and Grants	8,782,148	-	-	8,782,148
Charges for Current Services	3,919,034	56,545,317	9,722,973	70,187,324
Fines and Forfeitures	1,250,750	-	-	1,250,750
Administrative Allocation Revenues	1,997,500	-	-	1,997,500
Program Income	481,125	-	-	481,125
Reforestation Fees	25,000	-	-	25,000
Premium on Bonds	-	8,247	-	8,247
Interest on Investments	23,050	21,200	3,700	47,950
Miscellaneous/Other General Revenues	493,905	1,794,053	476,714	2,764,672
TOTAL REVENUES	\$ 60,671,142	\$ 58,368,817	\$ 10,203,387	\$ 129,243,346
EXPENDITURES				
General Government	15,106,517	-	-	15,106,517
Public Safety	31,999,424	-	-	31,999,424
Highways and Streets	3,100,132	-	-	3,100,132
Waste Collection and Disposal	3,178,629	-	-	3,178,629
Parks and Recreation	5,594,940	-	-	5,594,940
Economic and Community Development	681,429	-	-	681,429
Unallocated General Expense	2,407,855	-	-	2,407,855
Debt Service - Principal and Interest	1,588,759	3,954,671	-	5,543,430
Operating Expenses	4,070,750	59,917,336	9,937,648	73,925,734
TOTAL EXPENDITURES	67,728,435	63,872,007	9,937,648	141,538,090
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(7,057,293)	(5,503,190)	265,739	(12,294,744)
OTHER FINANCING SOURCES(USES)				
Add Back Depreciation	-	8,937,500	-	8,937,500
Bond Financing Proceeds	-	10,000,000	-	10,000,000
Prior Bond Proceeds	170,000	-	-	170,000
Developer Contributions	-	842,500	-	842,500
MDE Bond Financing	-	2,500,000	-	2,500,000
MDE Loan Forgiveness	-	1,500,000	-	1,500,000
Benefit Charges	-	1,002,142	-	1,002,142
Operating Transfers From Other Funds	1,836,042	768,625	-	2,604,667
Capital Transfers From Other Funds	2,817,400	-	-	2,817,400
General Fund Balance Transfers From Capital Projects	3,555,000	-	-	3,555,000
Grants in Aid of Construction	-	240,000	-	240,000
Grants-ARPA	-	5,660,937	-	5,660,937
Appropriated Use of Fund Balance	5,382,700	-	-	5,382,700
Non-Cash Developer Contributions	-	(842,500)	-	(842,500)
MDE Loan Forgiveness	-	(1,500,000)	-	(1,500,000)
General Fund Balance Transfers (to) Capital Projects	(3,555,000)	-	-	(3,555,000)
Capital Transfers (to) Other Funds	(2,126,675)	(95,725)	-	(2,222,400)
Operating Transfers (to) Other Funds	(1,274,667)	-	(900,000)	(2,174,667)
Capital Outlay	-	(24,910,800)	-	(24,910,800)
TOTAL OTHER FINANCING SOURCES (USES)	6,804,800	4,102,679	(900,000)	10,007,479
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES				
	\$ (252,493)	\$ (1,400,511)	\$ (634,261)	\$ (2,287,265)
Beginning Fund Balance				
	\$ 24,602,902	\$ 180,516,488	\$ 7,796,858	\$ 212,916,248
Less Appropriated Use of Fund Balance	(5,552,700)	-	-	(5,552,700)
Ending Fund Balance	\$ 18,797,709	\$ 188,105,465	\$ 7,162,597	\$ 214,065,771

(Cash Basis)

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

STAFFING CHARTS

STAFFING SCHEDULE
DETAIL OF UNFUNDED FULL-TIME POSITIONS
FISCAL YEAR 2022/23

Department / Description	Proposed Unfunded
Parks & Recreation	
Parks Maintenance Worker I-III	4.00
Department Total	4.00
Fire Department	
Firefighter	3.00
Fire Deputy Chief	1.00
Fire Training Captain	1.00
Fire Public Safety Educator	1.00
Department Total	6.00
Human Resources	
HR Coordinator	1.00
Department Total	1.00
Police Department	
Officers	15.00
Department Total	15.00
Public Works	
Sign/Lines Maintenance Worker I-III	1.00
PW Maintenance Worker I-IV	2.00
Truck Driver	1.00
Department Total	4.00
TOTAL GENERAL FUND	30.00
Water Department	
Maintenance Technician I	-
Water Utility Service Technician	1.00
Field Operations (Construction & Maintenance) Technician III	2.00
Engineering Technician	1.00
Department Total	4.00
Wastewater Department	
Collection System Operator IV	2.00
Department Total	2.00
Electric Department	
Senior Meter Repairer	1.00
Meter Reader	1.00
Utility Serviceperson/Building Maintenance	1.00
Senior Electric Construction Worker	1.00
Substation Technician	1.00
Lineworker	1.00
Department Total	6.00
TOTAL OTHER FUNDS	12.00
TOTAL ALL FUNDS	42.00

CITY OF HAGERSTOWN'S BUDGET MESSAGE

FISCAL YEAR 2023

STAFFING SCHEDULE (FULL-TIME AND PART-TIME POSITIONS ONLY)

FIVE YEAR COMPARISON

FISCAL YEARS 2018/19 THROUGH 2022/23

DEPARTMENT	FISCAL YEARS													
	2018/19		2019/20			2020/21			2021/22			2022/23		
	FULL-TIME	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME	FULL-TIME	UNFUNDED	PART-TIME
Office of The Mayor	0.33	-	0.33	-	-	0.33	-	-	0.33	-	-	0.33	-	-
City Administrator	1.33	-	1.33	-	-	1.33	-	-	1.33	-	-	1.33	-	-
City Clerk	1.34	0.50	1.34	-	0.50	1.34	-	0.50	1.34	-	0.50	1.34	-	0.50
Community & Economic Development	6.75	2.00	6.75	-	1.30	6.85	-	1.28	6.15	-	2.00	6.15	-	2.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	6.75	2.00	6.75	-	1.30	6.85	-	1.28	6.15	-	2.00	6.15	-	2.00
Planning & Code Administration	20.00	1.00	20.00	-	1.00	20.00	-	2.00	20.00	-	1.00	21.00	-	-
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	20.00	1.00	20.00	-	1.00	20.00	-	2.00	20.00	-	1.00	21.00	-	-
Finance	8.50	-	8.40	-	-	8.40	-	-	8.00	-	-	9.00	-	-
Support Services & Billing	-	-	-	-	-	9.00	-	3.00	9.00	-	3.00	10.00	-	3.00
Unfunded Positions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	8.50	-	8.40	-	-	17.40	-	3.00	17.00	-	3.00	19.00	-	3.00
Information Technology & Communications	14.10	5.50	13.10	1.00	5.50	6.00	-	-	6.00	-	-	6.00	-	-
**Included Support Services until FY21	-	-	-	-	-	2.00	-	2.50	2.00	-	2.50	2.00	-	2.50
Unfunded Positions	(1.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	13.10	5.50	13.10	1.00	5.50	8.00	-	2.50	8.00	-	2.50	8.00	-	2.50
Human Resources	5.00	4.00	5.00	-	4.00	5.00	-	4.00	4.00	1.00	4.00	4.00	1.00	4.00
Engineering & Parks Division	30.92	7.00	26.41	4.00	7.00	26.27	4.00	7.28	24.75	4.00	7.28	-	-	-
Engineering (Without Parks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unfunded Positions	(3.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	27.92	7.00	26.41	4.00	7.00	26.27	4.00	7.28	24.75	4.00	7.28	10.24	-	1.00
Police Sworn	112.00	-	112.00	-	-	112.00	-	-	104.00	8.00	-	97.00	15.00	-
Police Administrative/Civilian	15.00	14.00	15.00	-	13.00	16.00	-	13.00	16.00	-	12.00	16.00	-	14.00
Unfunded Positions	(1.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	126.00	14.00	127.00	-	13.00	128.00	-	13.00	120.00	8.00	12.00	113.00	15.00	14.00
Fire	83.00	-	78.00	6.00	-	78.00	6.00	-	78.00	6.00	-	78.00	6.00	1.00
Unfunded Positions	(6.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	77.00	-	78.00	6.00	-	78.00	6.00	-	78.00	6.00	-	78.00	6.00	1.00
Public Works	32.90	-	23.55	4.00	-	24.95	4.00	-	24.95	4.00	-	24.85	4.00	-
Stormwater (Gen Fund Operations)	-	-	5.86	-	-	3.86	-	-	-	-	-	-	-	-
Parks & Recreation	-	-	-	-	-	-	-	-	-	-	-	15.86	4.00	8.00
Unfunded Positions	(4.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	28.90	-	29.41	4.00	-	28.81	4.00	-	24.95	4.00	-	40.71	8.00	8.00
Total General Fund	331.17	34.00	317.07	15.00	32.30	321.33	14.00	33.56	305.85	23.00	32.28	303.10	30.00	36.00
Unfunded Total - General Fund	(15.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions-General Fund	316.17	34.00	317.07	15.00	32.30	321.33	14.00	33.56	305.85	23.00	32.28	303.10	30.00	36.00
Electric	35.55	-	31.51	4.00	-	29.96	5.00	-	28.85	6.00	-	28.85	6.00	-
Unfunded Positions	(4.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	31.55	-	31.51	4.00	-	29.96	5.00	-	28.85	6.00	-	28.85	6.00	-
Water	54.02	-	50.36	4.00	-	48.67	4.00	-	50.60	4.00	-	49.60	4.00	-
Unfunded Positions	(4.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	50.02	-	50.36	4.00	-	48.67	4.00	-	50.60	4.00	-	49.60	4.00	-
Wastewater	48.76	-	46.56	2.00	-	46.95	2.00	-	45.55	2.00	-	46.55	2.00	-
Unfunded Positions	(2.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions	46.76	-	46.56	2.00	-	46.95	2.00	-	45.55	2.00	-	46.55	2.00	-
Stormwater (Enterprise Fund)	-	-	-	-	-	-	-	-	5.36	-	-	4.11	-	-
Golf Course	2.25	1.00	2.25	-	1.00	2.24	-	1.72	2.24	-	1.72	2.24	-	1.00
Parking	2.20	10.00	2.20	-	10.00	2.80	-	9.00	2.80	-	9.00	2.80	-	9.00
Property Management	0.90	1.00	0.90	-	0.70	0.90	-	0.72	0.90	-	-	0.90	-	-
Community Dev Block Grant	2.00	-	2.00	-	-	2.00	-	-	2.70	-	-	2.70	-	-
Business Revolving Loan Fund	0.15	-	0.15	-	-	0.15	-	-	0.15	-	-	0.15	-	-
City-wide Staffing Levels	477.00	46.00	453.00	25.00	44.00	455.00	25.00	45.00	445.00	35.00	43.00	441.00	42.00	46.00
Unfunded Total - City-wide	(25.00)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funded Positions - City-wide	452.00	46.00	453.00	25.00	44.00	455.00	25.00	45.00	445.00	35.00	43.00	441.00	42.00	46.00
General & Oth Govt Operations	123.32	20.00	114.22	9.00	19.30	117.48	8.00	20.56	110.70	9.00	20.28	114.95	9.00	21.00
Public Safety: (Police & Fire Only)	210.00	14.00	205.00	6.00	13.00	206.00	6.00	13.00	198.00	14.00	12.00	191.00	21.00	15.00
Enterprise Funds	143.68	12.00	133.78	10.00	11.70	131.52	11.00	11.44	136.30	12.00	10.72	135.05	12.00	10.00

FY19 FT Changes: Unfund 1 full-time IT position in General Fund. Separately funded a prior Electric Foreman position that was unfunded (approved by M&C 10/3/17)

FY20 FT Changes: 1 new position in Fire Department for a third DFM

FY21: Transitioned/moved Support Services from Info Tech & Communications umbrella to report under Finance. Transitioned/moved Billing from Utilities to report under Support Services

FY21 FT Changes: 1 new position in Police civilian; 1 new Billing; 1 new Support Services; Unfund 1 in Electric

FY22 FT Changes: Shift of 0.7 from GF to CDBG; Shift 5.36 FT related to Stormwater to new Enterprise Fund; Unfund 1 FT position in HR; Unfund 8 vacant sworn positions in Police; Unfund 1 FT position in Electric

FY23 Bud: Transitioned/moved Parks & Recreation from Engineering umbrella to report under Public Works.

FY23 FT Changes: M&C approved during FY22 (1 PT to 1 FT in Code Administration; 1 PT to 1 FT in Support Services; 1 new FT temp ARPA Grant Coordinator in Finance; Unfund 7 vacant sworn positions in Police)

**CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023**

**GOVERNMENTAL FUNDS - COMBINED STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR 2022/2023**

	GENERAL	SPECIAL REVENUE	CAPITAL IMPROVEMENT FUNDS	TOTAL
REVENUES				
Property Taxes	\$ 35,134,632	\$ -	\$ -	\$ 35,134,632
Income and Other Taxes	5,026,098	-	1,269,000	6,295,098
Licenses and Permits	2,268,900	-	-	2,268,900
Intergovernmental Revenues and Grants	631,919	2,323,904	5,826,325	8,782,148
Charges for Current Services	3,919,034	-	-	3,919,034
Fines and Forfeitures	1,250,750	-	-	1,250,750
Administrative Allocation Revenues	1,997,500	-	-	1,997,500
Program Income	-	481,125	-	481,125
Reforestation Fees	-	25,000	-	25,000
Interest on Investments	21,500	1,550	-	23,050
Miscellaneous/Other General Revenues	258,161	13,244	222,500	493,905
TOTAL REVENUES	50,508,494	2,844,823	7,317,825	60,671,142
EXPENDITURES				
General Government	6,699,517	-	8,407,000	15,106,517
Public Safety	27,753,199	-	4,246,225	31,999,424
Highways and Streets	2,485,132	-	615,000	3,100,132
Waste Collection and Disposal	3,178,629	-	-	3,178,629
Parks and Recreation	3,085,240	-	2,509,700	5,594,940
Economic and Community Development	681,429	-	-	681,429
Unallocated General Expense	2,407,855	-	-	2,407,855
Debt Service - Principal and Interest	1,588,759	-	-	1,588,759
Operating Expenses	-	4,070,750	-	4,070,750
TOTAL EXPENDITURES	47,879,760	4,070,750	15,777,925	67,728,435
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	2,628,734	(1,225,927)	(8,460,100)	(7,057,293)
OTHER FINANCING SOURCES(USES)				
Operating Transfers From Other Funds	684,375	1,061,667	90,000	1,836,042
Capital Transfers From Other Funds	-	-	2,817,400	2,817,400
Operating Transfers (to) Other Funds	(1,184,667)	(90,000)	-	(1,274,667)
Capital Transfers (to) Other Funds	(2,126,675)	-	-	(2,126,675)
Prior Bond Proceeds	-	-	170,000	170,000
Bond Financing Proceeds	-	-	-	-
Appropriated Use of Fund Balance	3,555,000	-	1,827,700	5,382,700
General Fund Balance Transfers From Capital Projects	-	-	3,555,000	3,555,000
General Fund Balance Transfers (to) Capital Projects	(3,555,000)	-	-	(3,555,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,626,967)	971,667	8,460,100	6,804,800
EXCESS(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES				
	\$ 1,767	\$ (254,260)	\$ -	\$ (252,493)
Beginning Fund Balance				
	\$ 17,608,373	\$ 4,247,269	\$ 2,747,260	\$ 24,602,902
Less Appropriated Use of Fund Balance	(3,555,000)	-	(1,997,700)	(5,552,700)
Ending Fund Balance	\$ 14,055,140	\$ 3,993,009	\$ 749,560	\$ 18,797,709
DETAIL OF ENDING FUND BALANCES:				
Nonspendable	\$ 350,000	\$ -	\$ -	350,000
Restricted	-	1,719,892	-	1,719,892
Committed	250,000	606,008	-	856,008
Assigned	1,000,000	1,667,109	749,560	3,416,669
Unassigned	12,455,140	-	-	12,455,140
Ending Fund Balance	\$ 14,055,140	\$ 3,993,009	\$ 749,560	\$ 18,797,709

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

SOURCES OF FY23 GENERAL FUND REVENUE

The Proposed General Fund revenue of \$54.7M for FY23 represents an 11.8% increase compared to the FY22 Budget. The primary reasons for this increase in General Fund revenue are: \$2.1M growth in Property Tax Revenue as a result of an estimated 3.5% growth in assessed values, \$0.7M or 9.2% growth in Income & Other Taxes related to the addition of significant new and redevelopment projects within the Enterprise Zone tax credit area; overall growth in local income tax despite the decrease in withholding implemented by the County in Jan 2022; \$0.5M in growth in Intergovernmental Revenue due to the utilization of ARPA funding; and a \$2.2M increased use of fund balance reserves. There are small decreases in Fine & Forfeitures and Unallocated General Revenues totaling a decline of \$60.8K primarily due to interest on investments.

The following table illustrates the change in the sources of General Fund Revenues from Revised Budget FY22 to Proposed Budget FY23.

Sources of General Fund Revenue Growth

FY 22/23 General Fund Budgeted Revenues	\$ 54,747,869	
FY 21/22 General Fund Budgeted Revenues	\$ 48,969,310	
Revenue Growth (Decrease)	5,778,559	11.8% Increase

Sources

Property Tax Revenue	2,088,215
Income & Other Taxes	671,243
Licenses & Permits	82,150
Intergovernmental Revenues	239,181
Charges for Current Services	389,983
Fine & Forfeitures	(22,150)
Unallocated Revenues	(38,644)
Transfers From Other Funds	113,883
Appropriated Use of Fund Balance	2,254,698
Total	\$ 5,778,559

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

EXPENDITURES OF FY23 GENERAL FUND RESOURCES

The change in the Proposed General Fund Budget for expenditures in FY23 totals \$5.8M representing an 11.8% increase in expenditures from the revised FY22 Budget of \$49.0M. The following table illustrates the changes in the use of General Fund budget resources by category of expenditure from FY22 to FY23. The total General Fund expenditure increase is primarily a result of the following: Wages & Benefits; Contracted Services; Capital Expenditures; Other Expenditures; and Fund Balance Transfers.

Uses of General Fund Revenue Growth

FY 22/23 General Fund Budgeted Expenditures	\$ 54,746,102	
FY 21/22 General Fund Budgeted Expenditures	48,966,496	
Expenditure Growth (Decrease)	5,779,606	11.8% Increase

Uses

Wage & Benefits	2,654,126
Wage & Overhead Allocations	(180,013)
Contracted Services	263,933
Materials, Supplies & Utilities	66,265
Insurance	22,330
Capital Expenditures	919,711
Debt Service	(684,300)
Transfers To Other Funds	(62,342)
Other Expenditures	525,198
Fund Balance Transfer	2,254,698
Total	\$ 5,779,606

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

ALLOCATION OF FY23 GENERAL FUND EXPENDITURES BY FUNCTION

The following table illustrates the allocation of General Fund expenditures by function and helps to show the alignment of our resources with priorities for our community and operations:

	<u>Allocation</u>	<u>Percent</u>
Public Safety		
Police	\$15,884,217	29.0%
Fire	9,490,492	17.3%
Highways, Streets, & Signal Department	3,082,294	5.6%
Engineering & Construction	1,141,401	2.1%
Waste Collection & Disposal	3,178,629	5.8%
Planning & Code Administration	2,228,297	4.1%
Information Technology	1,240,539	2.3%
Communications	284,007	0.5%
Community & Economic Development	1,035,750	1.9%
Parks & Recreation	3,068,489	5.6%
Finance	934,477	1.7%
Support Services	487,720	0.9%
Human Resources	628,268	1.1%
City Hall & Annex	311,781	0.6%
Legal Counsel	246,000	0.4%
City Administrator	232,771	0.4%
Mayor & Council	223,899	0.4%
City Clerk	184,114	0.3%
Retiree Benefits	1,500,000	2.7%
Contributions to Other Agencies	205,000	0.4%
Debt Service	1,588,759	2.9%
Capital Transfers to Other Funds	2,126,675	3.9%
Fund Balance Transfers	3,555,000	6.5%
Unallocated Expenses/Transfers *	1,887,522	3.4%
Total	<u>\$54,746,102</u>	<u>100.0%</u>

* Includes Operating Transfers, Contingency, Inventory Adjustments, and Termination Pay

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

GENERAL FUND CAPITAL INVESTMENT

The following table summarizes our history of General Fund capital investment since FY05.

Fiscal Year	Capital Outlay	Appropriation To CIP Fund	GF Fund Balance Transfer to CIP	Total
2005/2006	161,135	1,090,294	-	1,251,429
2006/2007	186,154	985,262	-	1,171,416
2007/2008	201,312	1,267,000	-	1,468,312
2008/2009	164,018	1,179,314	-	1,343,332
2009/2010	45,781	397,563	-	443,344
2010/2011	69,225	666,506	-	735,731
2011/2012	658,297	336,952	-	995,249
2012/2013	88,123	1,102,759	-	1,190,882
2013/2014	177,981	832,268	-	1,010,249
2014/2015	178,836	353,507	546,903	532,343
2015/2016	248,127	822,655	103,869	1,174,651
2016/2017	235,928	1,042,752	-	1,278,680
2017/2018	131,439	307,740	632,107	1,071,285
2018/2019	191,131	1,105,492	205,419	1,502,042
2019/2020	156,194	997,562	1,311,227	2,464,983
2020/2021	140,130	1,144,147	731,167	2,015,444
Estimated Actual:				
2021/2022	180,604	1,517,992	908,659	2,607,255
Proposed Budget:				
2022/2023	197,715	2,126,675	3,555,000	5,879,390
2023/2024	199,715	4,757,350	1,450,000	6,407,065
2024/2025	219,715	4,669,583	-	4,889,298
2025/2026	224,715	2,414,850	-	2,639,565
2026/2027	234,715	2,413,750	-	2,648,465

Although we expect that we will encounter financial challenges over the next several years, we will attempt to be prudent in maintaining adequate levels of funding for capital projects so that the City's assets and infrastructure are replaced and maintained for our citizens' safety and recreational needs.

*The Proposed Budget for FY23 above includes the use of General Fund Balance reserves to maintain levels needed for capital improvement projects. In addition, the amount included in FY24 is for the Hagerstown Field House project which is anticipated to span multiple fiscal years.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

BONDED DEBT OUTSTANDING

In current FY22, the budget originally included a preliminary \$4.2M General Fund bond issue. However at this time, it is not anticipated that bond issue will occur in FY22. As a result, FY22 includes future bond issue assumptions to include FY22 approved projects plus new requests for FY23 projects.

In the FY23 Proposed Budget, staff has not included a general fund supported bond issue. These proposed capital expenditures are described in detail in the Capital Improvement Program (Section 7).

The following table illustrates the balance of bonded debt outstanding at the end of each fiscal year over a 12-year period since FY12. It is separated into tax supported general bonded debt and self-supporting enterprise fund debt for the City's Electric, Water, Wastewater, Parking, Property Management, and Stormwater Protection funds. As reflected in the table below, the largest growth in total outstanding debt over this 12-year period is in the self-supporting enterprise funds.

<u>Fiscal Year</u>	<u>Total Bonded Debt</u>	<u>General Tax Supported</u>	<u>Self- Supporting Enterprise</u>
2011/2012	66,363,883	17,459,565	48,904,318
2012/2013	62,885,398	16,013,064	46,872,334
2013/2014	66,322,848	15,168,166	51,154,682
2014/2015	75,417,227	18,093,422	57,323,805
2015/2016	70,939,759	16,621,899	54,317,860
2016/2017	73,754,525	20,398,887	53,355,638
2017/2018	69,769,925	19,902,356	49,867,569
2018/2019	68,050,106	21,109,308	46,940,798
2019/2020	61,980,642	18,840,748	43,139,894
2020/2021	56,911,953	16,617,257	40,294,696
2021/2022 Estimated Actual	51,841,423	14,885,822	36,955,601
2022/2023 Proposed Budget	54,029,558	13,755,891	40,273,667
12 Year Increase in Outstanding Debt	\$ (12,334,325)	\$ (3,703,674)	\$ (8,630,651)

Finally, the City may continue to experience both direct and indirect impacts from federal spending cuts and repeated uncertainty in the Municipal Bond Market. There continue to be a variety of discussions regarding municipal bonds and how changes may impact the bond market interest rates and the cost of issuance with those bonds. As part of a prior national stimulus package, the City issued taxable Build America Bonds as part of its 2009 issuance. With this issue, the federal government was originally reimbursing 35% of the total interest paid to bondholders until December 2012 when the reimbursements were reduced. For this reason, the FY23 Proposed Budget anticipates minimal interest reimbursement.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

DEBT LEVELS AND AFFORDABILITY

Neither State law nor the City's Charter places a limitation upon the amount of general obligation debt the City may incur. However, the City has strictly adhered to a debt management policy which is included as part of the fiscal policies section of this document to ensure it prudently and responsibly manages its debt. The debt management policy was last amended on December 16, 2014. While the City issues general obligation bonds for its utilities to lower interest costs, this debt is considered self-supporting from utility user service charges. Only non-utility general obligation financing bonds are considered to be tax supported.

As the table below demonstrates, the City's General Fund debt as currently proposed is below the limits established in the City's debt policy.

TAX SUPPORTED GENERAL FUND OBLIGATION DEBT RATIOS

Fiscal Year	Total Taxable Assessed Value	Gov't Debt as Percentage of Total Taxable Assessed Value	Gov't Debt Per Capita	General Fund Debt Service as % of General Fund Operating Revenue
2011/2012	2,559,162	0.68%	440	6.80%
2012/2013	2,633,731	0.61%	404	5.31%
2013/2014	2,665,127	0.57%	382	4.80%
2014/2015	2,541,960	0.71%	448	4.44%
2015/2016	2,618,007	0.63%	411	4.85%
2016/2017	2,659,606	0.77%	504	5.15%
2017/2018	2,659,872	0.75%	494	5.51%
2018/2019	2,713,633	0.78%	525	5.49%
2019/2020	2,754,271	0.68%	469	6.42%
2020/2021	2,814,132	0.59%	382	4.19%
2021/2022 Estimated Actual	2,881,756	0.52%	342	4.64%
2022/2023 Proposed Budget	2,982,156	0.46%	316	3.16%
City Debt Policy		10.00%	\$ 1,000	10.00%

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

GENERAL FUND

REVENUES

The sources of funds to support the proposed General Fund budget are as follows:

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Property Tax Revenue	\$ 33,046,417	\$ 33,612,949	\$ 35,134,632	6.3%
Income & Other Taxes	4,354,855	4,808,130	5,026,098	15.4%
Licenses & Permits	2,186,750	2,483,200	2,268,900	3.8%
Intergovernmental Revenues	392,738	379,382	631,919	60.9%
Charges for Current Services	3,529,050	3,550,158	3,919,034	11.1%
Fines & Forfeitures	1,272,900	1,233,200	1,250,750	-1.7%
Administrative Allocation Revenues	1,997,500	1,997,500	1,997,500	0.0%
Contributions & Donations	36,700	25,293	36,000	-1.9%
Interest on Investments	40,000	5,500	21,500	-46.3%
Other Unallocated General Revenues	241,606	255,772	222,163	-8.0%
Transfers from Other Funds	570,492	570,492	684,375	20.0%
Appropriated Use of Fund Balance	1,300,302	-	3,555,000	173.4%
Total Current Revenue	\$ 48,969,310	\$ 48,921,576	\$ 54,747,869	11.8%

1. Overall Property Tax revenue is estimated to increase from FY22 Budget to FY23 Proposed Budget by \$2.1M or 6.3% as a result of two primary factors. One factor is the impact of keeping the current real estate tax tier rates of 1.002 per \$100 of assessed values for all excluding apartments and 1.032 per \$100 assessed value for apartments. A second factor is a projected 3.5 % growth based on trends versus data from SDAT that only reflected an increase of 0.6% in our assessed values in the third year of the triennial cycle. Part of this growth is related to new development projects and future annexations. This total increase in revenue is needed to cover rising costs for salary enhancements, employer benefits, capital infrastructure improvements and updates, and annual debt service requirements. Total Property Tax revenue is the primary source of revenue for the General Fund at 69.6% excluding Transfers from Other Funds and Appropriated Use of Fund Balance and 64.2% when including these other funding sources.
2. Intergovernmental Revenues are expected to increase by \$239.1K or 60.9% compared to FY22 Budget due to American Rescue Plan Act funding being utilized for an administrative grant position and Police body worn camera maintenance.
3. Interest on Investments are projected to decrease overall by <\$18.5K> or <46.3%>. This is primarily the result of the effects of the COVID-19 pandemic on interest rates.
4. Appropriated Use of Fund Balance reflects a total request of \$3.6M to be utilized from prior years' General Fund balance for a variety of purposes. This represents an increase of \$2.23M over FY22 Budget amounts. The City had approved the utilization of a FY21 surplus in the General Fund for capital infrastructure needs. The \$3.6M in the FY23 Budget is the remaining balance of those reserves to be reallocated to a few new projects and for a few previously approved projects that have not yet been completed. It is anticipated that the City will remain in compliance with its General Fund/Retained Earnings policy if all is spent.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

COST BY FUNCTION

The General Fund expenditures by City functions are shown as follows:

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Police	\$ 14,498,141	\$ 14,329,576	\$ 15,884,217	9.6%
Fire	9,124,887	9,328,664	9,490,492	4.0%
Subtotal Public Safety	23,623,027	23,658,240	25,374,710	7.4%
Highways, Streets, & Signal Department	3,046,131	2,826,129	3,082,294	1.2%
Engineering & Construction	984,524	1,106,733	1,141,401	15.9%
Waste Collection & Disposal	2,985,060	2,962,679	3,178,629	6.5%
Planning & Code Administration	2,227,758	2,165,634	2,228,297	0.0%
Information Technology	1,102,149	1,214,263	1,240,539	12.6%
Communications	317,286	294,581	284,007	-10.5%
Economic & Community Development	1,037,525	1,056,587	1,035,750	-0.2%
Parks and Recreation	2,856,354	2,795,798	3,068,489	7.4%
Finance	808,546	882,701	934,477	15.6%
Support Services	481,383	460,125	487,720	1.3%
Human Resources	600,666	587,958	628,268	4.6%
City Hall & Annex	284,530	313,097	311,781	9.6%
Legal Counsel	246,000	242,180	246,000	0.0%
City Administrator	229,149	227,064	232,771	1.6%
Mayor & Council	215,779	219,637	223,899	3.8%
City Clerk	170,591	165,768	184,114	7.9%
Retiree Benefits	1,502,000	1,500,000	1,500,000	-0.1%
Contributions to Other Agencies	272,100	272,100	205,000	-24.7%
Debt Service	2,273,059	2,218,293	1,588,759	-30.1%
Capital Transfers to Other Funds	1,217,992	1,517,992	2,126,675	74.6%
Fund Balance Transfers	1,300,302	1,354,670	3,555,000	173.4%
Unallocated Expenses/Transfers*	1,184,587	1,257,009	1,887,522	59.3%
Total General Fund	\$ 48,966,496	\$ 49,299,238	\$ 54,746,102	11.8%

* Includes Operating Transfers, Contingency, Inventory Adjustments, and Termination Pay

1. The Police Department FY23 Proposed Budget includes an increase of 9.6% or \$1.4M. The majority of this increase is due to the elimination of eight full-time vacant police officer positions and one part-time crime lab scientist position to offset salary enhancements that average approximately 10.0% for increases provided in FY22. In addition, there are salary enhancements for ongoing union negotiations, growing overtime, and associated benefit costs.
2. Fire is anticipated to be 4.0% or \$365.6K higher than the FY22 budget. The majority of the increase is related to FY22 wage reopener salary enhancements provided. In addition, Fire now has 1 part-time position for Fire Plans review.
3. The FY23 proposed budget for Debt Service is estimated to be <\$684.3K> lower than FY22 Budget. This reduction includes no new bond issues in FY22 as originally estimated; continued payments of principal on current issues; several issues paid in full; and no new issues for FY23.
4. Capital Transfers to Other Funds includes an increase of 74.6% or \$908.7K in the FY23 Proposed Budget. This increase over the prior budget reflects utilization of operating pay-go revenue at a higher level versus reliance on new bond issues for capital infrastructure and project needs.
5. The FY23 Proposed Budget for Fund Balance Transfers reflects an increase of 173.4% or \$2.3M. The FY23 Budget utilizes new fund balance reserves and reflects the spending for the remaining balance approved during the prior budget that was not completed.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

EXPENDITURES BY TYPE

The use of funds by General Fund expenditures can also be analyzed as follows:

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Salaries and Wages	\$ 21,273,743	\$ 21,355,629	\$ 23,538,806	10.6%
Employee Benefits	10,368,335	10,159,602	10,757,398	3.8%
Total Wages and Benefits	31,642,078	31,515,231	34,296,204	8.4%
Wage & Overhead Allocations	(1,463,257)	(1,610,304)	(1,643,270)	12.3%
Contracted Services	5,483,885	5,669,245	5,747,818	4.8%
Materials, Supplies & Utilities	2,119,816	2,153,833	2,186,081	3.1%
Insurance	306,941	325,791	329,271	7.3%
Advertising & Printing	224,445	222,892	222,800	-0.7%
Rentals	116,005	116,574	110,965	-4.3%
Maintenance & Repairs	1,361,684	1,489,335	1,600,937	17.6%
Vehicle Expenditures	694,165	700,795	759,103	9.4%
Professional Development	179,718	156,301	182,781	1.7%
Communication Expenditures	378,788	360,215	398,478	5.2%
Other General Expenditures	953,072	856,656	1,103,271	15.8%
Unallocated General Expenditures	744,107	824,107	798,847	7.4%
Debt Service	2,273,059	2,218,293	1,588,759	-30.1%
Capital Outlay - Non CIP	186,687	180,603	197,715	5.9%
Operating Transfers to Other Funds	1,247,009	1,247,009	1,184,667	-5.0%
Capital Transfers to Other Funds	1,217,992	1,517,992	2,126,675	74.6%
Fund Balance Transfer to CIP Fund	1,300,302	1,354,670	3,555,000	173.4%
Total All Expenditures	\$ 48,966,496	\$ 49,299,238	\$ 54,746,102	11.8%

The major variances in General Fund expenditures by type are as follows:

1. The \$2.7M or 8.4% increase in Total Wages & Benefits reflects salary enhancements for all employee groups including minimum wage increases impacting part-time and seasonal staff. Contract negotiations are ongoing for all four collective bargaining groups. Overtime and associated employer benefit costs are anticipated to grow. At a combined total of \$34.3M, General Fund Wages & Benefits represent 62.6% of the total annual operating expenditures for FY23 Proposed Budget and is the largest component of all General Fund expenditures. All four of the City's collective bargaining units expire in June 2022.
2. Contracted Services is projected to increase \$263.9K or 4.8% as a result of the increased trash services fees, credit card transaction fees, and a Police speed camera contract.
3. Maintenance & Repairs growth of \$239.2K or 17.6% is mainly due to outsourcing of Police crime camera maintenance and drastically rising costs on citywide software system maintenance.
4. The <\$684.3K> or <30.1%> decrease in Debt Service reflects the payoff of bonds in FY22.
5. Capital Transfers to Other Funds is projected to increase by \$908.7K or 74.6% as more infrastructure and capital projects will be funded with operating pay-go revenue in FY22 than relying on fund balance reserves to fund.
6. The \$2.3M increase in Fund Balance Transfer to CIP Fund reflects the utilizing of the remaining prior year's approval for fund balance reserve utilization for one-time infrastructure and capital projects. In FY23, more funding for capital projects is needed in additional reserve funds.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

ENTERPRISE FUNDS

ELECTRIC FUND

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 25,102,870	\$ 24,747,040	\$ 25,601,690	2.0%
Operating Expenses	25,453,894	25,000,086	26,028,980	2.3%
Operating Income (Loss)	(351,024)	(253,046)	(427,290)	21.7%
Non-Operating Revenues (Expenses)	(3,668)	(5,668)	(3,922)	6.9%
Gain (Loss) on Fixed Asset Disposal	175,000	168,800	(32,500)	-118.6%
Transfers from (to) Other Funds	41,616	41,616	35,079	-15.7%
Capital Contributions & Grants	150,000	75,000	242,500	61.7%
Increase (Decrease) in Retained Earnings	11,924	26,702	(186,133)	-1661.0%
Add Back Depreciation	1,002,500	948,000	986,000	-1.6%
Capital Outlay/Fixed Assets	(1,292,000)	(1,146,775)	(2,055,000)	59.1%
Principal Payments on Long-Term Debt	(47,150)	(47,150)	(17,760)	-62.3%
Non-Cash Developer Contributions	(150,000)	(75,000)	(242,500)	61.7%
Net Surplus (Deficit)	\$ (474,726)	\$ (294,223)	\$ (1,515,393)	219.2%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. No electric rate increases have been projected for FY23. The proposed budget reflects the power supply contract extensions through May 31, 2022 with Energy Harbor, LLC. A two-year extension will begin on June 1, 2022 to include a reduction to the wholesale power rate by \$7.48 per megawatt hour (MWh) through May 31, 2024.
2. Electric revenue shows an overall 2.0% increase which reflects the continuation of current FY22 customer trends and usage.

The major expenditure changes in the Proposed Budget are as follows:

1. Purchased power costs are projected to be higher by 2.4% or \$441.9K compared to FY22 Budget and reflects the charge per megawatt hour (MWh) of \$42.42 which will be effective June 1, 2022 and higher utilization trends as experienced in FY22.
2. Non-operating revenues (expenses) reflect a decrease of <6.9%> or <\$0.3K> due to estimated decreases in bond interest expense.
3. Capital Contributions are expected to increase by 61.7% or \$92.5K due to an increase in new planned developments in FY23.
4. Depreciation expense from FY22 Budget to FY23 Proposed Budget includes a decrease of <1.6%> or <\$16.5K>.
5. Capital outlay totals for fixed assets are expected to increase by \$763.0K to total \$2.1M. The Capital Improvement Program, Section 7, provides details on all the Electric Fund projects anticipated for FY23 beginning on page 109.
6. Annual debt service expenditures are expected to decrease by <62.3%> or <\$29.4K> due to the payoff of Public Facilities Bond Series 2006 in FY22. This is reflected in the Principal Payments on Long-Term Debt line above. There are no new anticipated bond issues expected for the Electric Fund.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

WATER FUND

	Revised Budget 2021/2022	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 12,794,438	\$ 13,115,300	\$ 13,521,272	5.7%
Operating Expenses	13,168,845	13,984,091	16,152,198	22.7%
Operating Income (Loss)	(374,406)	(868,791)	(2,630,926)	602.7%
Non-Operating Revenues (Expenses)	(414,957)	(414,957)	(396,556)	-4.4%
Gain (Loss) on Fixed Asset Disposal	-	64	-	0.0%
Transfers from (to) Other Funds	71,515	71,515	64,326	-10.1%
Capital Contributions & Grants	852,142	1,102,142	2,352,142	176.0%
Increase (Decrease) in Retained Earnings	134,294	(110,027)	(611,014)	-555.0%
Add Back Depreciation	3,892,000	3,914,000	4,096,000	5.2%
Capital Outlay/Fixed Assets	(2,775,575)	(2,520,000)	(6,020,000)	116.9%
Principal Payments on Long-Term Debt	(1,691,982)	(1,691,982)	(1,691,388)	0.0%
Non-Cash Developer Contributions	(350,000)	(350,000)	(350,000)	0.0%
MDE Bond Financing	-	-	2,500,000	100.0%
MDE Loan Forgiveness	-	-	(1,500,000)	100.0%
Net Surplus (Deficit)	\$ (791,263)	\$ (758,009)	\$ (3,576,402)	352.0%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. Annual rate increases have been approved through FY24. The increase effective July 1, 2019 is an average of 3.0% for inside customers and 3.0% for outside customers and is reflected in the total operating revenue increase of 5.7%. The service rate increase is part of a multi-year plan to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions.

The major expenditure changes in the Proposed Budget are as follows:

1. The FY23 Proposed Budget includes an increase of 22.7% or \$3.0M for total operating expenses. The FY23 Budget includes approved salary enhancements. The current AFSCME 1540 union contract is effective through June 2022. Other primary reasons for this total increase are: an increase in Source of Supply of \$1.5M related to engineering costs; Pumping & Water Treatment of \$972.0K; an increase of \$53.7K in Transmission & Distribution; and an increase of \$204.0K in General & Administrative Expenses.
2. Capital Contributions and Benefit Charges are expected to remain flat at \$350.0K and \$502.1K, respectively, in FY23. \$1.5M in MDE Loan Forgiveness is projected in FY23.
3. Capital outlay totals for fixed assets are estimated to increase by 116.9% or \$3.3M. Projects include Mack Water Tank Replacement, Edgemont Reservoir Improvements, Willson Treatment Plant Improvements, and Distribution System Rehabilitation and Main Replacement in the FY23 Proposed Budget figures. In future years, Edgemont Reservoir Improvements has \$17.5M budgeted for a construction period which continues in FY23. The Capital Improvement Program, Section 7, provides details on all the Water Fund projects anticipated for FY23 Budget beginning on page 133.
4. Annual debt service expenditures are expected to remain flat as reflected in the Principal Payments on Long-Term Debt line above. A \$2.5M MDE loan for FY23 planned improvements offset with \$1.5M in MDE loan forgiveness is anticipated.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

WASTEWATER FUND

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 14,131,927	\$ 14,766,531	\$ 14,556,881	3.0%
Operating Expenses	13,458,507	12,974,483	14,415,724	7.1%
Operating Income (Loss)	673,420	1,792,048	141,157	-79.0%
Non-Operating Revenues (Expenses)	(98,682)	(97,682)	(255,053)	158.5%
Gain (Loss) on Fixed Asset Disposal	8,000	1,500	1,500	-81.3%
Transfers from (to) Other Funds	59,681	59,681	55,395	-7.2%
Capital Contributions & Grants	1,175,000	1,287,000	6,650,937	466.0%
Increase (Decrease) in Retained Earnings	1,817,419	3,042,547	6,593,936	262.8%
Add Back Depreciation	3,156,000	2,868,000	3,271,000	3.6%
Capital Outlay/Fixed Assets	(2,817,000)	(2,933,000)	(9,070,800)	222.0%
Principal Payments on Long-Term Debt	(1,482,705)	(1,482,705)	(1,391,282)	-6.2%
Non-Cash Developer Contributions	(250,000)	(250,000)	(250,000)	0.0%
Net Surplus (Deficit)	\$ 423,714	\$ 1,244,842	\$ (847,146)	-299.9%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. Annual rate increases have been approved through FY24. The increase effective July 1, 2022 is 3%. The 3% rate increase for FY23 is reflected in the total operating revenues increase of 3.0% or \$425.0K in the chart above. The rate increases are part of a multi-year plan to ensure the fund continues to be self-supporting and to meet the Wastewater revenue requirements.

The major expenditure changes in the Proposed Budget are as follows:

1. The FY23 Proposed Budget includes an overall increase of 7.1% or \$957.2K for total operating expenses. The FY23 Budget includes approved salary enhancements. The current AFSCME 1540 union contract is effective through June 2022. The other primary reasons for this total increase are an increase in all categories including: plant expenses, laboratory expenses, collections, and administrative costs.
2. Capital Contributions & Grants are projected to increase by 466.0% or \$5.5M due to American Rescue Plan Act (ARPA) funding utilized for Capital Improvement Projects.
3. Capital outlay totals for fixed assets are projected to increase by 222.0% or \$6.3M. Prominent projects include East End Pump Station #33 and Pump Station #13 Reconstruction. The Capital Improvement Program, Section 7, provides details on all the Wastewater Fund projects anticipated for FY22 Budget beginning on page 146.
4. The City is not anticipating to issue bonds for Wastewater Fund projects in the FY23 Proposed Budget. Annual debt service expenditures are expected to decrease by <6.2%> or <\$91.4K> as reflected in the Principal Payments on Long-Term Debt line above.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

PARKING FUND

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 731,910	\$ 880,123	\$ 853,510	16.6%
Operating Expenses	944,910	938,210	980,912	3.8%
Operating Income (Loss)	(213,000)	(58,087)	(127,402)	-40.2%
Non-Operating Revenues (Expenses)	(14,075)	(15,075)	(74,584)	429.9%
Transfers from (to) Other Funds	(2,040)	(2,040)	(4,900)	140.2%
Increase (Decrease) in Retained Earnings	(229,115)	(75,202)	(206,886)	-9.7%
Add Back Depreciation	287,000	266,600	277,100	-3.4%
Capital Outlay/Fixed Assets	(306,800)	(174,478)	(5,847,000)	1805.8%
Principal Payments on Long-Term Debt	(69,098)	(69,098)	(31,466)	-54.5%
Bond Proceeds	-	-	10,000,000	0.0%
Net Surplus (Deficit)	\$ (318,013)	\$ (52,178)	\$ 4,191,748	-1418.1%

Compared with the previous year, the major revenue changes in the Proposed Budget are:

1. Parking rates have increased over the last few fiscal years, but no new rate increases are proposed for FY23.
2. Operating revenues are anticipated to increase by 16.6% or \$121.6K from FY22 Budget to FY23 Budget. This is primarily due to an anticipated increase in parking as the City emerges from the COVID-19 pandemic and new businesses open.

The major expenditure changes in the Proposed Budget are as follows:

1. Total operating expenses in the FY23 Proposed Budget reflects an increase of 3.8% or \$36.0K. The primary reasons for this increase is salary costs and contracted services. The current AFSCME 1540 union contract is effective through June 2022.
2. New Bond Proceeds include \$10.0M for the construction of a third parking deck in FY23 with anticipated construction to completed in FY24.
3. Transfer to CIP Fund increased by \$2.9K for FY23 Proposed Budget to fund IT related software.
4. Capital outlay totals for fixed assets are projected to increase by \$5.5M primarily due to the construction of a third parking deck. The Capital Improvement Program, Section 7, provides details on all the Parking Fund projects anticipated for FY23 beginning on page 163.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

GOLF COURSE FUND

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 296,500	\$ 323,600	\$ 316,100	6.6%
Operating Expenses	524,038	537,981	538,997	2.9%
Operating Income (Loss)	(227,538)	(214,381)	(222,897)	-2.0%
Non-Operating Revenues (Expenses)	220	100	200	-9.1%
Transfers from (to) Other Funds	200,466	200,466	123,000	-38.6%
Increase (Decrease) in Retained Earnings	(26,852)	(13,815)	(99,697)	0.0%
Add Back Depreciation	65,500	53,900	71,400	9.0%
Capital Outlay/Fixed Assets	(98,000)	(92,490)	(63,000)	-35.7%
Net Surplus (Deficit)	\$ (59,352)	\$ (52,405)	\$ (91,297)	53.8%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. Overall operating revenues are anticipated to increase by 6.6% or \$19.6K from FY22 Budget to FY23 Proposed Budget. The current FY22 trends are ahead of the FY22 Budget levels and it is anticipated that FY23 will improve slightly more. This is also due to increased rates and rentals and a decrease in the amount of special rate programs and discounts given. The last rate adjustments for the Golf Course happened on January 1, 2021.
2. The operating expenses in the FY23 Budget are 2.9% or \$15.0K higher than FY22 Budget. The FY23 Budget does include salary enhancements for full-time employees as the current AFSCME 1540 union contract is effective through June 2022. The increase in total operating expenses results from a \$15.0K increase in contracted services.
3. Transfers from Other Funds is projected to decrease by <38.6%> or <\$77.5K> due to a decrease in the General Fund subsidy to \$123.0K.
4. Capital outlay totals for fixed assets are expected to decrease from FY22 Budget to FY23 Budget. The Capital Improvement Program, Section 7, provides details on the Golf Fund project anticipated for FY23 on page 167.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

PROPERTY MANAGEMENT FUND

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 330,187	\$ 290,120	\$ 293,917	-11.0%
Operating Expenses	451,198	428,071	391,912	-13.1%
Operating Income (Loss)	(121,011)	(137,951)	(97,995)	-19.0%
Non-Operating Revenues (Expenses)	9,125	2,757	(3,207)	-135.1%
Gain (Loss) on Fixed Asset Disposal	-	(521,094)	-	0.0%
Transfers From General Fund	-	446,011	-	0.0%
Transfers From CDBG Fund	-	-	400,000	0.0%
Increase (Decrease) in Retained Earnings	(111,886)	(210,277)	298,798	-367.1%
Add Back Depreciation	141,000	108,900	110,900	-21.3%
Capital Outlay/Fixed Assets	(160,000)	(230,000)	(420,000)	162.5%
Principal Payments on Long-Term Debt	(5,555)	(5,555)	(5,959)	7.3%
Changes in Working Capital	-	521,094	-	0.0%
Net Surplus (Deficit)	\$ (136,441)	\$ 184,162	\$ (16,261)	-88.1%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. Overall operating revenues are anticipated to decrease by <11.0%> or <\$36.3K> due to rental income as there are only two buildings remaining with tenants.
2. Total operating expenses in the FY23 Proposed Budget reflect an overall decrease of <13.1%> or <\$59.3K> compared to the FY22 Budget primarily due to a decrease in contracted services and other general expenses due to the sale of 36-40 North Potomac St.
3. Depreciation expense is projected to decrease by <21.3%> or <\$30.1K> from FY22 Budget to FY23 Proposed Budget.
4. Capital outlay totals for fixed assets are projected to increase by 162.5% or \$260.0K as a result of the Alms House renovation and normal improvements for FY23. The Capital Improvement Program, Section 7, provides details on the various Property Management Fund projects anticipated for FY23 Budget beginning on page 169.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

**STORMWATER PROTECTION
FUND**

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
Operating Revenues	\$ 2,944,432	\$ 3,131,828	\$3,196,000	8.5%
Operating Expenses	2,160,210	895,380	1,377,614	-36.2%
Operating Income (Loss)	784,222	2,236,448	1,818,386	131.9%
Non-Operating Revenues (Expenses)	(20,078)	(21,149)	(18,414)	-8.3%
Increase (Decrease) in Retained Earnings	764,144	2,215,299	1,799,972	135.6%
Add Back Depreciation	91,300	86,000	125,100	37.0%
Capital Outlay/Fixed Assets	(1,012,500)	(750,000)	(1,435,000)	41.7%
Principal Payments on Long-Term Debt	(34,348)	(34,356)	(35,833)	4.3%
Net Surplus (Deficit)	\$ (191,404)	\$1,516,943	\$ 454,239	-337.3%

Compared with the previous year, the major revenue and expenditure changes in the Proposed Budget are as follows:

1. The annual Stormwater rate for calendar year 2022 is \$34.00 per 1000 square feet of impervious surface. In calendar year 2023, the rate increases to \$36.00 per year per 1000 square feet of impervious surface.
2. Operating revenues are projected to increase 8.5% or \$251.6K in FY23 due to slight stormwater rate increases.
3. Total operating expenses in the FY23 Proposed Budget are anticipated to decrease by <36.2%> or <\$782.6K> compared to the FY22 Budget due to lower than expected personnel costs and lower than expected uncollectable customer accounts.
4. Depreciation expense is projected to increase by 37.0% or \$33.8K from FY22 Budget to FY23 Proposed Budget due to investment in infrastructure in the newly created fund.
5. Capital outlay totals for fixed assets are projected to increase by 41.7% or \$422.5K as a result of a stream restoration and normal improvements for FY23. The Capital Improvement Program, Section 7, provides details on the various Stormwater Protection Fund projects anticipated for FY23 Budget beginning on page 172.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

SPECIAL REVENUE FUNDS

**COMMUNITY DEVELOPMENT BLOCK
GRANT FUND**

	Revised Budget 2021/22	Estimated Actual 2021/22	Proposed Budget 2022/23	Percent Change
CDBG Grant Revenues	\$ 1,438,267	\$ 1,124,848	\$ 1,540,041	7.1%
Program Income	249,693	232,958	220,200	-11.8%
Total Operating Revenues	1,687,960	1,357,806	1,760,241	4.3%
Commercial/Industrial Improvements	85,000	85,000	475,000	458.8%
Clearance & Demolition	75,000	-	75,000	0.0%
Public Facilities & Improvements	941,337	819,804	595,000	-36.8%
Public Services	399,916	363,664	182,951	-54.3%
Contra Principal Payments	66,000	60,000	45,000	-31.8%
Cost of Properties Held for Resale	221,000	221,000	221,000	0.0%
Housing Rehab	73,574	53,399	162,000	120.2%
Program Administration	59,527	58,974	62,742	5.4%
Administration	162,524	132,134	145,789	-10.3%
Total Operating Expenditures	2,083,878	1,793,975	1,964,482	-5.7%
Net Change in Fund Balance	\$ (395,918)	\$ (436,169)	\$ (204,241)	-48.4%

Compared with the previous year, the major revenue changes in the Proposed Budget are as follows:

1. Total Revenues reflect an overall increase of \$72.3K or 4.3% from FY22 Budget. This is a result of an anticipated increase in the use of Entitlement monies by \$101.8K or 7.1% and from a decrease in program income by <\$29.5K> or <11.8%> as a result of lower principal repayments on loans and lower interest earned compared to FY22. There is chart that reflects the City's entitlement funding history in Section 4 on page 6.

Compared with the previous year, the major expenditure changes in the Proposed Budget are:

1. Commercial/Industrial Improvements are projected to increase by \$390.0K or 458.8% for FY23 Budget due to the renovation of the Alms House to include a police substation and community center.
2. Public Services are projected to decrease by <\$217.0K> or <54.3%> due to the exhaustion of the majority of one-time CARES Act funding.
3. Public Facilities & Improvements are projected to decrease by <\$346.3K> or <36.8%> due to the completion of large projects such as Hagerstown Skatepark.
4. Total Housing expenses are estimated to increase by \$88.4K or 120.2% due to various small increases among multiple housing rehab programs.

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

THE BUDGET SCHEDULE

The Municipal Charter of Hagerstown requires the City Administrator to submit a budget to the Mayor and Council at least 90 days before the beginning of the fiscal year. The Charter states that the “budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures.” The Charter also states that the budget shall be adopted no later than June 1st of each year.

The budget schedule for this year is as follows:

November 15 – November 19, 2021	Department review meetings for 1 st Quarter FY22 financial operating results
December 2, 2021	First Public Hearing on Community Development Block Grant funding needs held virtually
January 3 – January 21, 2022	Department budget requests and start of review meetings between Department Directors and Budget Committee
February 1, 2022	FY22 General Fund Budget Balancing and Adjustments review with Mayor and City Council
February 2, 2022	Begin prioritizing department requests and developing City Administrator adjustments. This process includes discussing proposed adjustments, obtaining further input, and agreement on adjustments with departments.
March 31, 2022	City Administrator's Proposed Budget submitted to Mayor and City Council
April 5 – May 17, 2022	Mayor and City Council review of Proposed Budget and Capital Improvement Program
April 28, 2022	Second Public Hearing on Community Development Block Grant funding needs
May 10, 2022	Introduction of Ordinances: FY23 Budget and Property Tax Rates
May 10, 2022	Public Hearing on FY23 Budget and Capital Improvement Program; Public Hearing on property tax rates
May 17, 2022	Adoption of Ordinances: FY23 Budget and Property Tax Rates

CITY OF HAGERSTOWN'S BUDGET MESSAGE
FISCAL YEAR 2023

DISTINGUISHED BUDGET PRESENTATION AWARD

This was the 18th consecutive year that the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Hagerstown, Maryland for its annual budget for the fiscal year beginning July 1, 2021. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. Staff will research new software packages in order to continue to meet the new criteria required to receive the award.

ACKNOWLEDGEMENTS

This proposed budget is a result of the unified efforts of the City's Senior Leadership Team across all departments and Funds and their staff who have given hours of thought and diligence to prioritizing the programs and projects for inclusion. We commend and thank them for their work.

Preparation of the budget is a unified effort, but we must recognize the Finance Team as the lead in guiding the budget preparation. We wish to especially acknowledge Finance team members: Brooke Garver, Accounting & Budget Manager; Jeff Lear, Senior Financial Accountant; and Brooke Gue, Senior Accountant, who had key responsibilities in the process this year. The entire Finance staff deserves special acknowledgment and credit for the extra hours worked in assisting with and coordinating the production of this year's budget. Ashley Newcomer, Utilities Finance Manager assisted in the preparation of utility revenue projections as well as reviewing and analyzing all of the utility fund budgets. Human Resources staff provided oversight on personnel and fringe benefit budget issues. All of the mentioned contributions have resulted in this comprehensive presentation of the FY23 Budget. We also would like to thank Dani Frye and Jason Miller for their administrative assistance with the budget message and coordination of the many meetings scheduled.

The staff and I look forward to reviewing this proposed budget with you.

Respectfully submitted,



Scott Nicewarner
City Administrator

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Planning Commission Recommendation to Mayor and City Council: Conversion District Overlay at 535 Summit Avenue (Surrey School) ~ *Megan Flick, Planner*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Description

Planning_Commission_Recommendation_to_Mayor_and_City_Council_Conversion_District_Overlay_at_535_Summit_Avenue_-_Megan_Flick__Planner.pdf

Planning
Commission
Recommendation
to Mayor and City
Council:
Conversion
District Overlay at
535 Summit
Avenue- Megan
Flick Planner



City of Hagerstown, Maryland
Committed to Safety
Dedicated to Partnership and Progress

MEMORANDUM

TO: Scott Nicewarner, City Administrator

FROM: Megan Flick, Planner

DATE: March 31, 2022

SUBJECT: Planning Commission Recommendation to Mayor and City Council: Conversion District Overlay at 535 Summit Avenue (Surrey School)

Planning Commission Recommendation

The Planning Commission recommends that the Mayor and Council approve case ZM-2022-01 for a Conversion District Overlay at 535 Summit Avenue.

Property Background & Proposal

The property is an existing vacant building that was previously occupied by a day care center and before that a public school. It is located on Summit Avenue and also has frontage on Virginia Avenue facing City Park. The applicant wishes to create a boutique hotel with associated accessory uses including a restaurant with outdoor dining. The proposal also includes additions on either side of the building and Virginia Avenue frontage. Parking would be created for guests in the Summit Avenue frontage and for staff behind the building.

Planning Commission held a public review meeting on February 23. Members expressed enthusiasm over the applicant's proposal. No public input for this case has been received. There are no other specific requests or recommendations from the Commission aside from the stipulation that outdoor dining will be permitted with a pending text amendment.

Next Steps

The Mayor and Council will host the public hearing on April 26. Staff Analysis and Application are attached.

City of Hagerstown
Conversion District Overlay Zoning Request
ZM-2022-01: Surrey School
Staff Report

Applicant/Owner: Surrey Inc/Surrey LLC

Request: Conversion District overlay on a historic school building for the purposes of the creation of a boutique hotel and associated accessory uses.

Location: 535 Summit Avenue

Existing Use: Historic Public School Building that is currently vacant

Area: 2.67 acres

Existing Zoning: Residential Moderate Density (RMOD)

Analysis

The purposes of this district are to stimulate the adaptive reuse of existing, nonresidential, multistory and large one-story structures, to maintain and increase the City's assessable base, to expand business and employment opportunities, and to protect residential neighborhoods from excessive traffic, odors, fumes, noise, and light. The Conversion District provides an alternative development concept for underutilized structures while protecting the general health, safety, welfare, and aesthetics through the commitment to an approved development concept plan. Such structures must be in existence prior to March 7, 1977.

Staff comments are in bold italics.

The Land Management Code lists five general requirements for the establishment of a Conversion Overlay District (Article IV, Section J.2.e. Page 4-67):

1. The area proposed for a conversion district shall be in one ownership, or, if in several ownerships, the proposal shall be filed jointly by all the owners of property included in the development plan. ***The property is owned by Surrey, Inc. and the development company is named Surrey, LLC.***
2. The development shall be for an existing, nonresidential structure containing at least two floors within which all proposed uses, except parking, will be contained. ***The property is an existing 2-3 story structure that was previously occupied by Surrey School.***
3. The owners or developers must indicate that they plan to begin construction of the development within two years after final approval. If construction does not begin within two years, the zoning of the site shall revert to its previous classification unless a time extension is requested by the developer and agreed to by the Planning Commission. ***The applicant/developer plans to begin construction within 2 years after final approval.***
4. A site plan in accordance with Section S for entire area to be utilized shall be reviewed and approved by the Planning Commission prior to the use of the property. ***The applicant will submit a full site plan following the approval of the Conversion District overlay.***
5. A concept plan, as required in Subsection f.(2), below, shall be submitted with the application for a conversion district. ***The concept plan is provided as an attachment to the application.***

Special Design Requirements (Section J.2.i. Pages 4-68)

1. In a residential district, commercial uses shall only be allowed when mixed with residential uses unless otherwise approved by the Mayor and City Council. The total floor area used by all commercial uses, whether principal permitted or by special exception, shall not exceed 50% of the existing structure's gross floor area, unless otherwise approved by the Mayor and City Council. In commercial and industrial districts, residential uses are only permitted when mixed with non-residential uses. ***The proposal includes the creation of a boutique hotel and associated accessory uses including a restaurant.***
2. Additions shall be designed consistent with the architectural theme of the structure and shall be located in the space least visible to the general public. ***The two additional "wings" on each side of the building will be distinctly different material than the original historic façade, but will be consistent with the overall image of the building. The sides of the building are the least visible areas from both Summit Avenue and Virginia Avenue.***
3. The CL maximum square footage requirements for retail trade and restaurants shall only apply where the underlying zoning district is Residential or CL. ***The underlying zoning is RMOD; therefore the requirements apply.***

OTHER CONSIDERATIONS AND REQUIREMENTS:

Lot Area Requirements and Off-Street Parking (Section J.2.h,j – Page 4-68)

1. Off-street parking shall be as required under Section O, except that during review of the site plan, the Planning Commission may permit variation from the number of spaces required, provided such variation relates to the shared use of the parking spaces and is consistent with the approved conversion district concept plan and the special design requirements of

this district. ***80 total parking spaces are required and 80 total parking spaces are proposed.***

2. The minimum lot area for a Local Conversion District shall be 20,001 square feet.
The property is approximately 116,305 square feet in area.

Suitability of the Proposed Zoning District.

A Conservation Overlay District is permitted use in the RMOD zoning district. ***The principal structure was built prior to October 1, 1956 (primary structure built in 1907) and the principal structure has been used as a public school prior to October 1, 1956. This proposal is very consistent with the type of reuse envisioned by staff when they crafted the zoning ordinance that created the conversion district process.***

Compatibility of Existing and Proposed Development.

This proposal is for the adaptive reuse of an existing two story plus basement brick former school in the Hagerstown City Park Historic District. The building will undergo complete interior and exterior renovation with additions towards conversion to hotel and restaurant uses with incidental amenity program distributed throughout. Site work will include utility upgrades, landscaping, parking, and stormwater management improvements.

Population Change

Not applicable- no dwelling units will be removed or created.

Can the site be adequately served with public water and wastewater facilities?

Water and wastewater service currently exist.

The site shall be located adjacent to adequate highway facilities, capable of serving existing and anticipated traffic.

The property is served by a Major Collector roadway (Virginia Avenue) to the west, and a Local Street (Summit Avenue) to the east. The volume of traffic on both of these streets is well below their maximum capacity, and they operate at high levels of service. We do not anticipate that the proposed development will create any operational issues for the City's street network.

Relationship to the Comprehensive Plan.

The property faces the award-winning City Park, so rehabilitating this site would improve the curb appeal in a significant section of town. The 2018 Comprehensive Plan recommends maintaining Medium Density Residential land uses in this neighborhood. However, this conversion zoning overlay would implement the Plan's recommendation to make buildings more attractive for adaptive reuse.

Site Plan Conditions Recommended by the Planning Commission

1. ***Modifications to the building should be in accordance with the proposal.***



CITY OF HAGERSTOWN, MARYLAND

Planning and Code Administration Department

REZONING APPLICATION & REVIEW CHECKLIST

Submittal Requirements:

- Original Application and 16 copies, including Checklist
- 17 complete sets of plan
- Filing fee (please consult [current fee schedule](#))

Case No. ZM - 2022-01
Office Use Only

Name of Project:	SURREY HILL HOTEL		
Location of Property:	535 Summit Avenue, Hagerstown, Maryland		
	(Please include street address, if known)		
Deed Reference:	Liber: 6700	Folio: 117	Zoning District: RMOD

Proposed Work (i.e. addition, accessory building, parking; please include size of addition and amount of disturbed area):
See attachments

Engineering/Survey Company Name:	Frederick, Seibert & Associates, Inc.		
Contact Person:	Frederic M. Frederick	Email:	ffrederick@fsa.Com
Mailing Address:	128 South Potomac Street, Hagerstown, MD 21740		
Telephone:	(301) 791-3650	Fax:	(301) 739-4956

Developer/Applicant Name:	Surrey, LLC		
Contact Person:	c/o William C. Wantz	Email:	wantz@mac.com
Mailing Address:	123 West Washington Street		
Telephone:	Hagerstown, MD 21740	Fax:	(301) 416-7455

Property Owner Name:	Surrey, Inc.		
Contact Person:	Alexsis Blakely McKinney; Valerie A. Sanderlin	Email:	alexis@ surreyhospitality.com
Mailing Address:	12138 Central Avenue, Suite 571, Bowie, MD 20721		
Telephone:	(646) 369-6171	Fax:	—

This Chart for Staff Use Only	1st Review	2nd Review
Date Accepted for Processing		
Review Date		
Returned to Design Firm		

Related Planning File References (Site Plans, Preliminary Plats, BZA Cases, HDC Cases); if none, state so:

None

Instructions to Engineer/Surveyor: In the column marked "Engineer/Surveyor," identify each page which the required item appears on the plan. For items that appear on each page of the plan, use "All." If the item is not applicable, address as not applicable in a note on the plan and reference the page of the plan on which the note appears in the column below. PCAD = Planning and Code Administration Department.

Application Requirements	Engineer/ Surveyor	1 st Review	2 nd Review	Review Key ✓ = OK 0 = Incomplete N/A = Not Applicable
Sheet size: 24" x 36"	all			
Scale shown and labeled	all			
North arrow	all			
Copy of deed or deeds and purchase option (if applicable)	deed			
Owner authorization, if different than applicant	n/a			
Vicinity map with scale of 1" = 2,000' or greater	2			
Vic. map shows municipal boundaries	n/a			
TITLE BLOCK Name and address of land owner	all			
Name, address and telephone number of engineer/surveyor	all			
City Unique ID Number	2			
Tax Map and Parcel Number	2			
Current zoning district	2			
Proposed zoning district	2			
Election district	1			
Original drawing date	all			
Subsequent revision dates	n/a			
Location (address, city, state)	all			
Tract area	2			
Area of parcels where multiple parcels comprise tract to be rezoned	n/a			
Plan shows remaining lands of tract	n/a			
Plan shows owners, their addresses of record, and zoning of adjoining lands (see end of checklist)	all,1			
Boundary of tract to be rezoned shown in heavy solid line	all			
All existing buildings within tract, with addresses and current use	1			
All existing easements on tract	n/a			
Width of ex. utility rights of way	1,2			
Location of ex. public rights of way	1,2			
Width of ex. public rights of way	1,2			

Application Requirements	Engineer/ Surveyor	1 st Review	2 nd Review	Review Key ✓ = OK 0 = Incomplete N/A = Not Applicable
Location of ex. railroad rights of way	n/a			
Width of ex. railroad rights of way	n/a			
Location of ex. drainage rights of way and 100-year floodplain	n/a			
Width of ex. drainage rights of way	n/a			
FOR PUD OR OTHER PROPOSAL-BASED REZONINGS, A CONCEPT PLAN SHOWING THE FOLLOWING FEATURES				
Proposed rights of way for public streets	n/a			
Proposed uses, showing maximum number of dwelling units (broken down by type), and/or square footage of industrial, office and retail space	2			
Conceptual lot or project layout	all			
Conceptual location of forest preservation/aforestation areas	n/a			
Location and list of proposed amenities (parks, recreation facilities, school sites, etc.)	n/a			
Proposed location of major regional stormwater management facilities	n/a			
Plans folded to be able to fit into an 11x9" file	all			
Map Amendment File Number (ex. ZM-2016-01) on bottom right hand corner of the first page.	NA	NA		Can only be added after plat has been submitted and case file number assigned. This will not be required if this addition will be the only change required after initial staff review.
Addressed Engineering comments?		NA		
Addressed Water Dept. comments?		NA		
Addressed Sewer Dept. comments?		NA		
Addressed Light Dept. comments?		NA		
Addressed all other Department comments?				DO NOT SUBMIT REVISED PLANS UNTIL COMMENTS FROM ALL REVIEW AGENCIES HAVE BEEN COLLECTED AND ADDRESSED.
Are all applicable fees paid in full?				
Three review copies for Planning Commission provided?				
Colored exhibit provided?				

Go to Page 4 →

Rezoning Narrative Addendum:

Note: Zoning change requests must be accompanied by documentation explaining the basis for change or mistake, boundaries of the neighborhood subject to change, and any other facts supporting the Applicant's position.

_____	Has the applicant provided an addendum with the application that addresses the legal justification for the rezoning and provides a definition of neighborhood?
_____	Change in Character of Neighborhood
_____	Mistake in Existing Zoning
_____	Both
X	Not Applicable (for overlays)

Yes	Has the applicant provided a separate list of adjacent property owners and addresses provided?
------------	--

Instructions to Engineer/Surveyor:

This checklist is the format used by the Planning and Code Administration Department to review and comment on your plan. It will be/has been returned to you so you can address the issues raised throughout the checklist. **When you have completed the necessary revisions to this plan, submit the following number of copies along with this checklist to the Planning and Code Administration Department.**

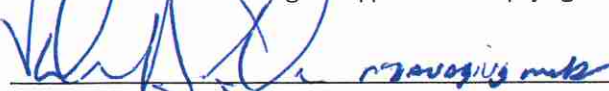
Planning and Code Administration Department	2 copies
Copies for Engineering, Electric Division, Water Division, Wastewater Division (Even if the plan has been reviewed and approved by these agencies)	4 copies
Copies for any other agency with outstanding comments	As Needed

Statements

I understand that rezoning approval by the City of Hagerstown does not constitute permission to construct. Appropriate plans and permits must be submitted to and approved by the City of Hagerstown before any construction may commence. **This statement must be signed before application will be accepted for processing.**

I understand that the rezoning must conform to the requirements of the City's Land Management Code (Chapter 140 of the City Code) and § 4-204 of the Maryland Land Use Article.

I understand that submitting this application and paying the review fees does not guarantee rezoning approval.


Owner's Signature

Applicant's Signature (if different from owner)

1/26/2022
Date

City of Hagerstown, Maryland
Planning and Code Administration Department
One East Franklin Street, Suite 300
Hagerstown, MD 21740
T | 301.739.8577, Ext. 138
F | 301.790.2650

Form Created: 6/15/2016
Revised: 4/27/2017

ADJACENT OWNERS

Number	Street Address*	Name	Mailing Address
530	Dunn Irvin	Alan D. Hall	
538	Dunn Irvin	Andrew A. & Cynthia L. Downs	PO Box 383 Clear Spring MD 21722-0383
546	Dunn Irvin	Matthew Kronk	
527	Summit Avenue	Micheline M. Laroche	
549	Summit Avenue	Ian Cole Snyder	
528	Virginia Avenue	David W. & Allison Mellon	
550	Virginia Avenue	Kristen D. McKinley	10917 Rawley Road New Market MD 21774

CONFRONTING OWNERS

Number	Street Address	Name	Mailing Address
1	East Franklin	City of Hagerstown	
526	Summit Avenue	David E. Lawrence, Jr.	
528	Summit Avenue	Tod Stuart Williams	
530	Summit Avenue	Jacqueline F. Pollard	
532	Summit Avenue	Kenneth L. & Dorothy M. Stottlemeyer	
534	Summit Avenue	Stephen & Patricia Steinmetz	
538	Summit Avenue	Meskerem Getachew	15610 Admiral Baker Circle Haymarket VA 20169
550	Summit Avenue	David M. & Kerrie L. Fleegle	16311 Shaffer Road Sharpsburg MD 21782

* All street addresses are Hagerstown, MD 21740

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* All street addresses are Hagerstown, MD 21740

The Atlantic Title Group
File No. 21-1020
Tax ID# 03-029735

Taxes Paid \$4,684.53
Todd L. Hershey, Treasurer
PW 07-21-2021

Washington Cty Cir Crt
IMP FD SURE \$40.00
RECORDING FEE \$20.00
TR TAX STATE \$3,975.00
CTY TR TAX \$3,725.00
CTY REC TAX \$6,042.00
TOTAL \$13,802.00
KRT RZ 08:36 am
Jul 21, 2021

This Deed, made this 16th day of July, 2021, by and between Meritus Medical Center, Inc., a Corporation, party of the first part, GRANTOR; and Surrey, LLC, a Limited Liability Company, party of the second part, GRANTEE.

- Witnesseth -

That in consideration of the sum of SEVEN HUNDRED NINETY FIVE THOUSAND AND 00/100 (\$795,000.00), which includes the amount of any outstanding Mortgage or Deed of Trust, if any, the receipt whereof is hereby acknowledged, the said GRANTOR does grant and convey to the said Surrey, LLC, a Limited Liability Company, its personal representatives and assigns, in fee simple, all that lot of ground situate in the County of Washington, State of Maryland, and described as follows, that is to say:

ALL THAT PARCEL situate on the East side of Virginia Avenue between Reynolds Avenue on the North and Garlinger Avenue on the South, in Election District No. 3, in the City of Hagerstown, Washington County, Maryland, more particularly described as follows: BEGINNING for the part hereby conveyed at a stone on J the East margin of the Hagerstown and Williamsport Turnpike, said beginning being also at the southwest corner of J. Clarence Lane's lot, it being also the beginning of a deed from Alex J. McCrea and wife to Anna A. Brugh, dated July 3, 1897 and recorded in Liber 107 folio 38, one of the Land Records of Washington County, and running thence bounding on the J.C. Lane lot South 61 degrees East 177 feet to a stone, then South 61 3/4 degrees East 240 feet to a stone on the West margin of Summit Avenue, South 24 1/4 degrees West 280 feet to a stone, then leaving Summit Avenue, North 61 3/4 degrees West 435 feet to a stone on the East margin of the aforesaid Turnpike, then along the East margin of said Turnpike North 27 1/2 degrees East 280 feet to the place of beginning; containing 2 1/2 acres and 28 perches of land, more or less; being the same real property that was conveyed to the Board of County Commissioners of Washington County a body politic and corporate of the State of Maryland, from the Board of Education of Washington County, a body politic and corporate of the State of Maryland, by deed dated August 29) 1983 and recorded in Liber 750 folio 161 among the Land Records of Washington County, Maryland.

Being the same property which by deed dated October 30, 1984, and recorded among the Land Records of Washington County, Maryland on November 2, 1984, in Liber 773, in Folio 731, was granted and conveyed by BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY unto WASHINGTON COUNTY HOSPITAL ASSOCIATION. SEE Also Articles of Amendment for Name Change to Meritus Medical Center, Inc.

Together with the buildings and improvements thereon erected, made or being; and all and every, the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging, or in anywise appertaining.

To Have and To Hold the said tract of ground and premises above described and mentioned, and hereby intended to be conveyed, together with the rights, privileges, appurtenances and advantages thereto belonging or appertaining unto and to the proper use and benefit of the said Surrey, LLC, a Limited Liability Company, in fee simple.

And the said party of the first part hereby covenants that it has not done or suffered to be done any act, matter or thing whatsoever, to encumber the property hereby conveyed; that it warrant specially the property hereby granted; and that it will execute such further assurances of the same as may be requisite.

Deed - Corporate

File No 21-1020

Page 1 of 2

BOOK: 6700 PAGE: 118

In Witness Whereof, Grantor has caused this Deed to be properly executed and sealed the day and year first above written.

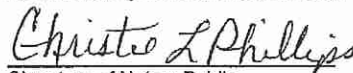
Meritus Medical Center, Inc., a Corporation

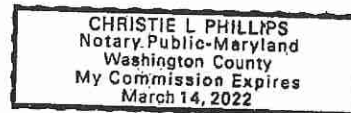
By:  (SEAL)
Thomas Chan, Chief Financial Officer

STATE OF MARYLAND
COUNTY OF Washington, to wit:

I hereby certify that on the 16th day of July, 2021, before me, the subscriber, a Notary Public of the State of Maryland, in and for the County aforesaid, personally appeared Thomas Chan, Chief Financial Officer, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and made oath in due form of law that the matters and facts set forth herein are true.

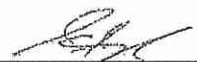
As witness, my hand and notarial seal.


Signature of Notary Public



My Commission Expires: March 14, 2022

THIS IS TO CERTIFY that the within Deed was prepared by, or under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Appeals of Maryland.

 (SEAL)
James P. Yoke Esq.

AFTER RECORDING, PLEASE RETURN TO:
The Atlantic Title Group
605 Baltimore Annapolis Blvd.
Suite 2
Severna Park, MD 21146

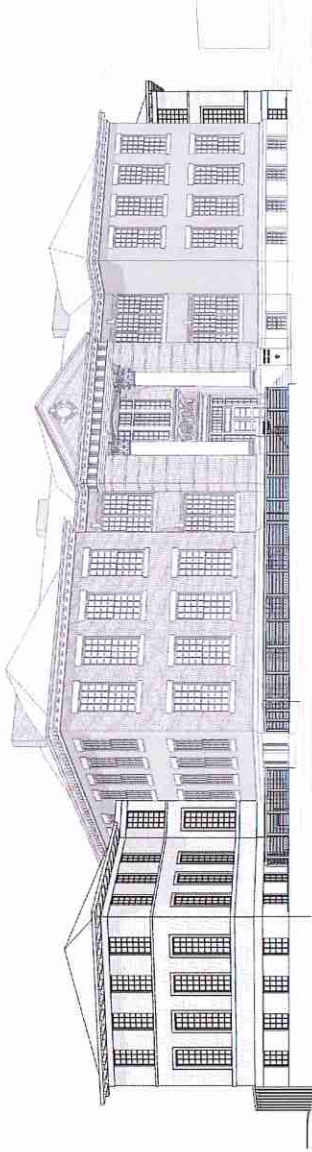
PROJECT NARRATIVE

EXISTING TWO STORY PLUS BASEMENT BRICK FORMER SCHOOL IN THE HAGERSTOWN CITY PARK HISTORIC DISTRICT AND INVENTORIED BY MHT. BUILDING TO UNDERGO COMPLETE INTERIOR AND EXTERIOR RENOVATION W/ ADDITION TOWARDS CONVERSION TO HOTEL (R-2) & RESTAURANT (A-2) USES WITH INCIDENTAL AMENITY PROGRAMMING DISTRIBUTED THROUGHOUT. SITE WORK TO INCLUDE UTILITY UPGRADES, LANDSCAPING, PARKING & STORMWATER MNGMT IMPROVEMENTS.

VICINITY PLAN



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



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P22	West (Virginia Ave) Elevation	01/12/22
P23	North Elevations	01/12/22
P24	South Elevations	01/12/22
P25	Enlarged Elevation	01/12/22

P29	Area Plans	01/12/22
P30	Birdseye Looking Northeast	01/12/22
P31	Birdseye Looking Southwest	01/12/22

PROPOSED VIEW AT FRONT



EXISTING VIEW AT FRONT

Cover Sheet

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1" = 100'-0"

Date: 01/12/22

Revision:

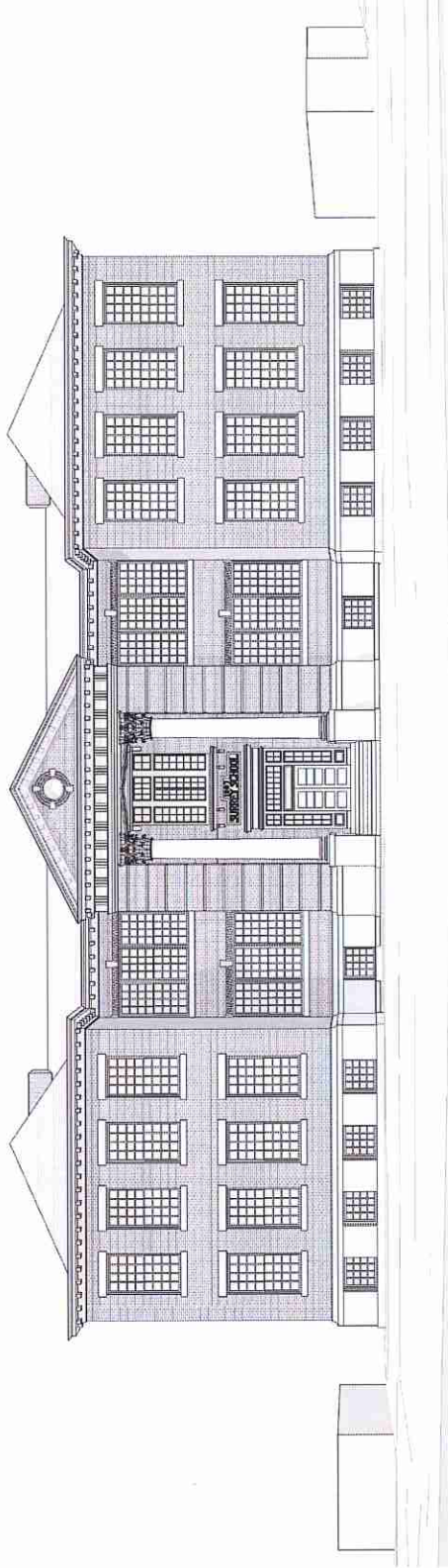
NO. DESCRIPTION DATE

Sketch Number:

P0



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



Existing Front Perspective

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale:

Date: 01/12/22

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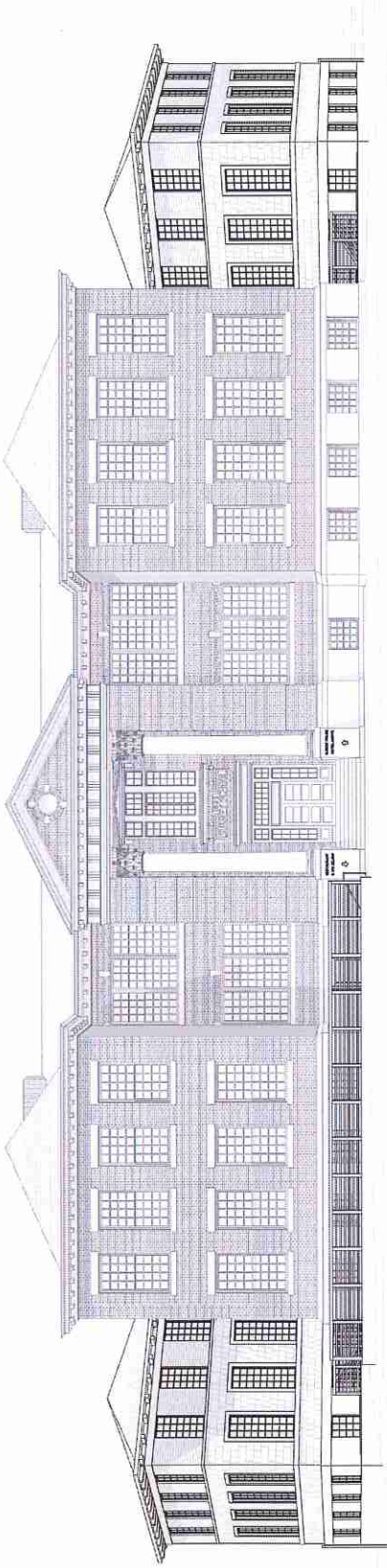
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P6



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



Proposed Front View

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

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Date: 01/12/22

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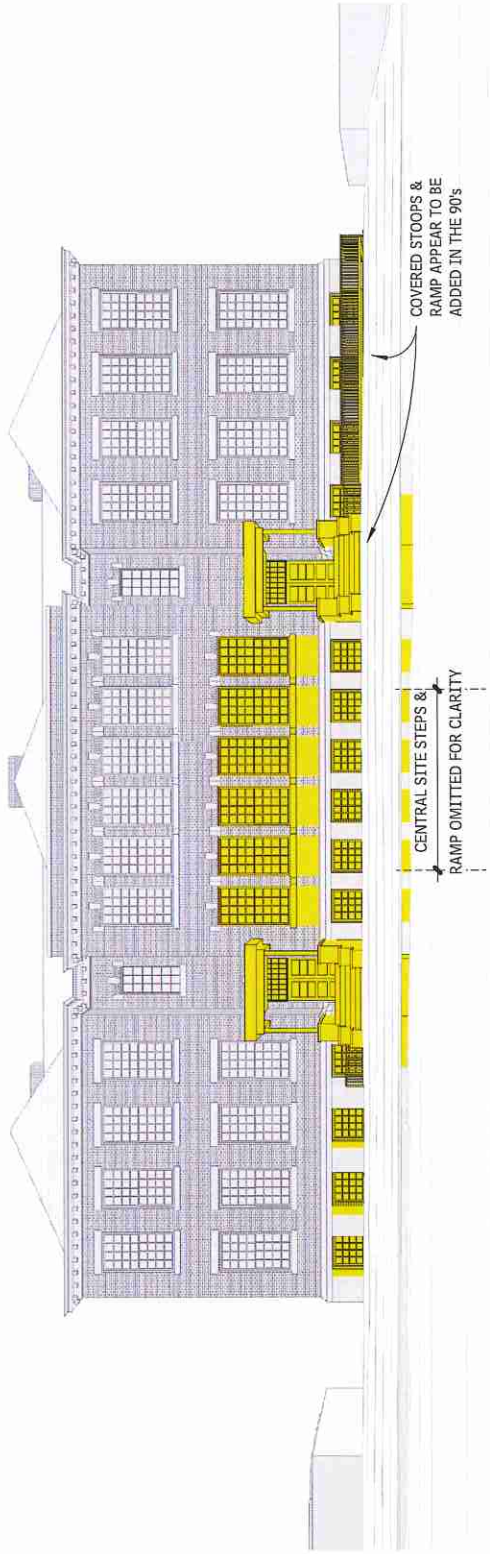
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2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



Existing Rear Perspective

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

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Date: 01/12/22

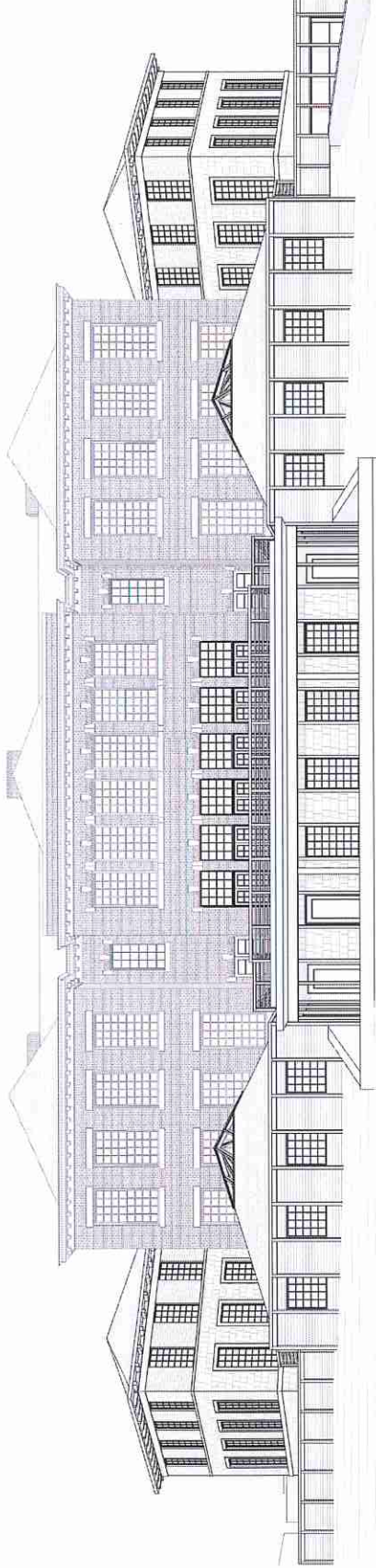
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2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



Proposed Rear View

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale:

Date: 01/12/22

Revision:

NO.	DESCRIPTION	DATE

Sketch Number:

P9



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Basement Demo Plan

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As indicated

Date: 01/12/22

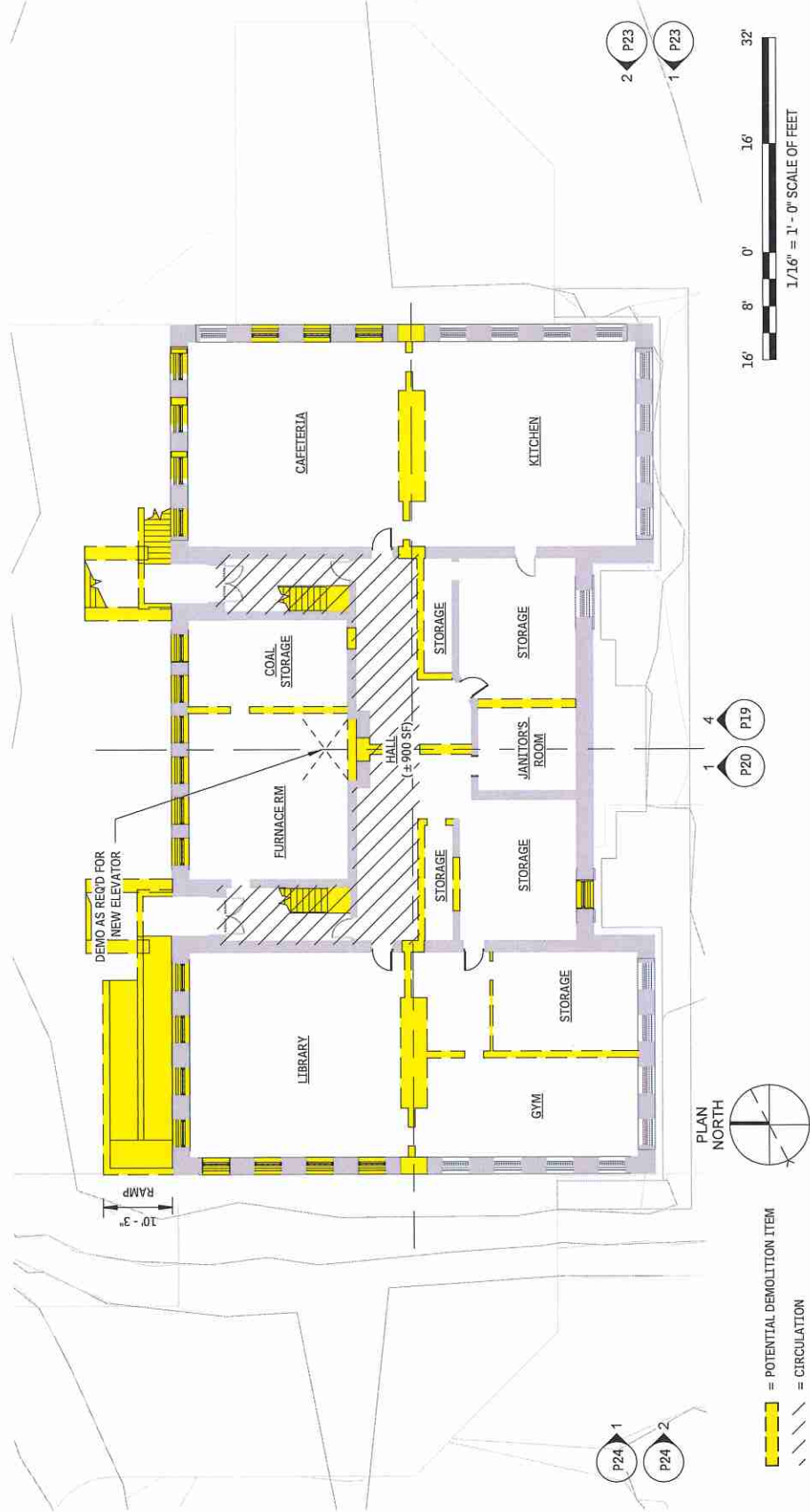
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Basement Concept

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

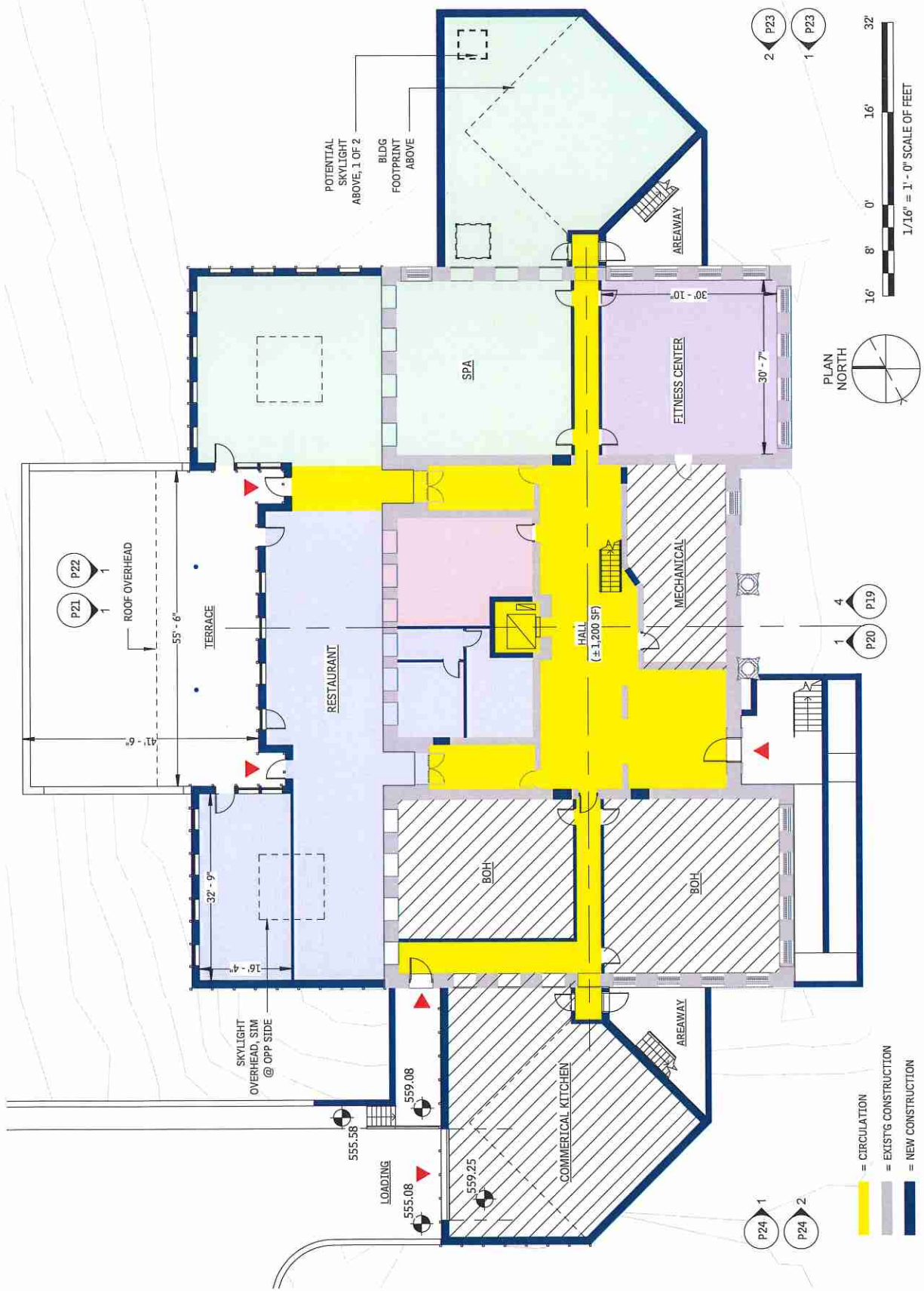
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Date: 01/12/22

Revision:

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Sketch Number: **P11**



First Floor Demo

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As indicated

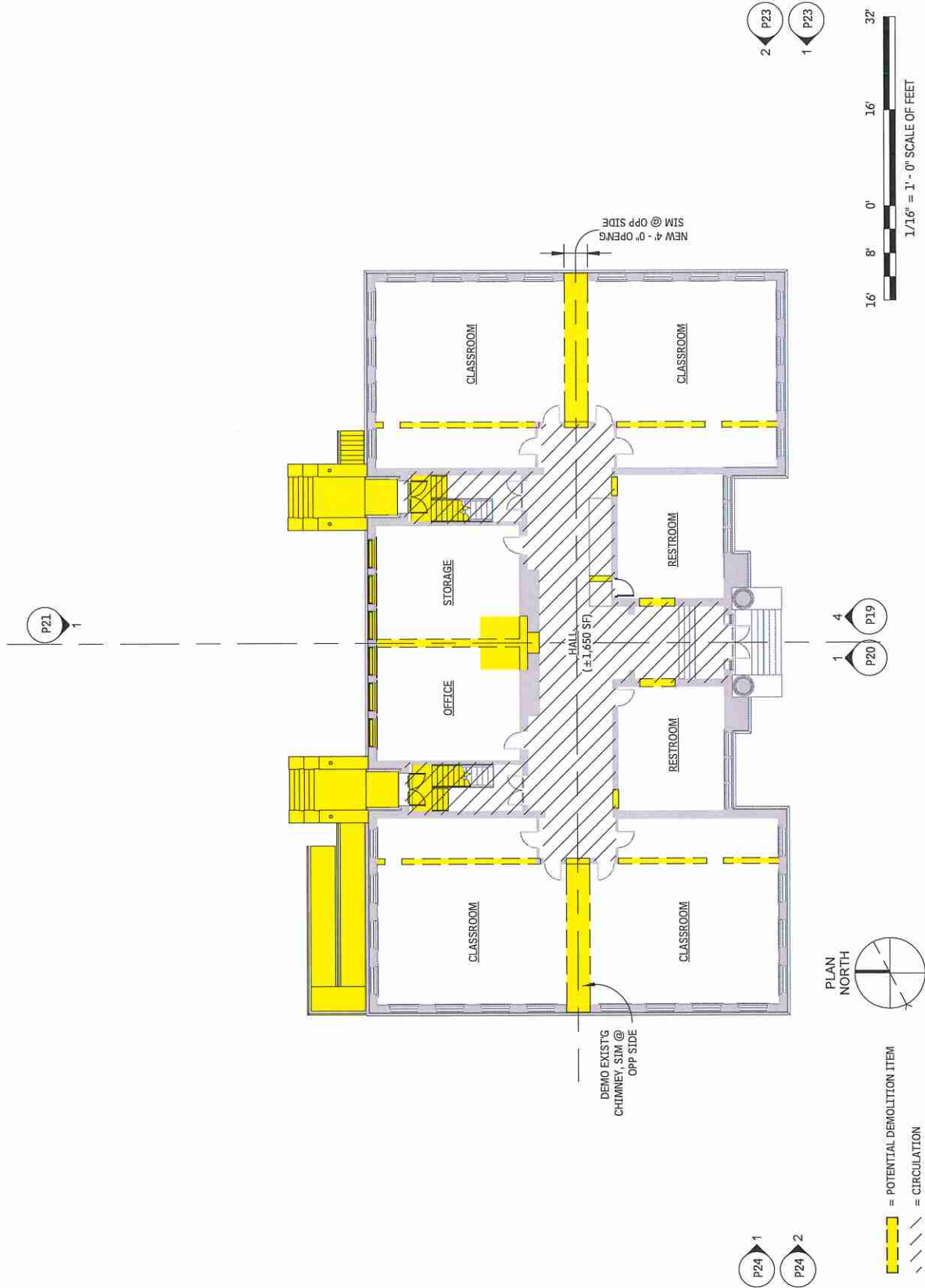
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Sketch Number:

212



First Floor Concept

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As indicated

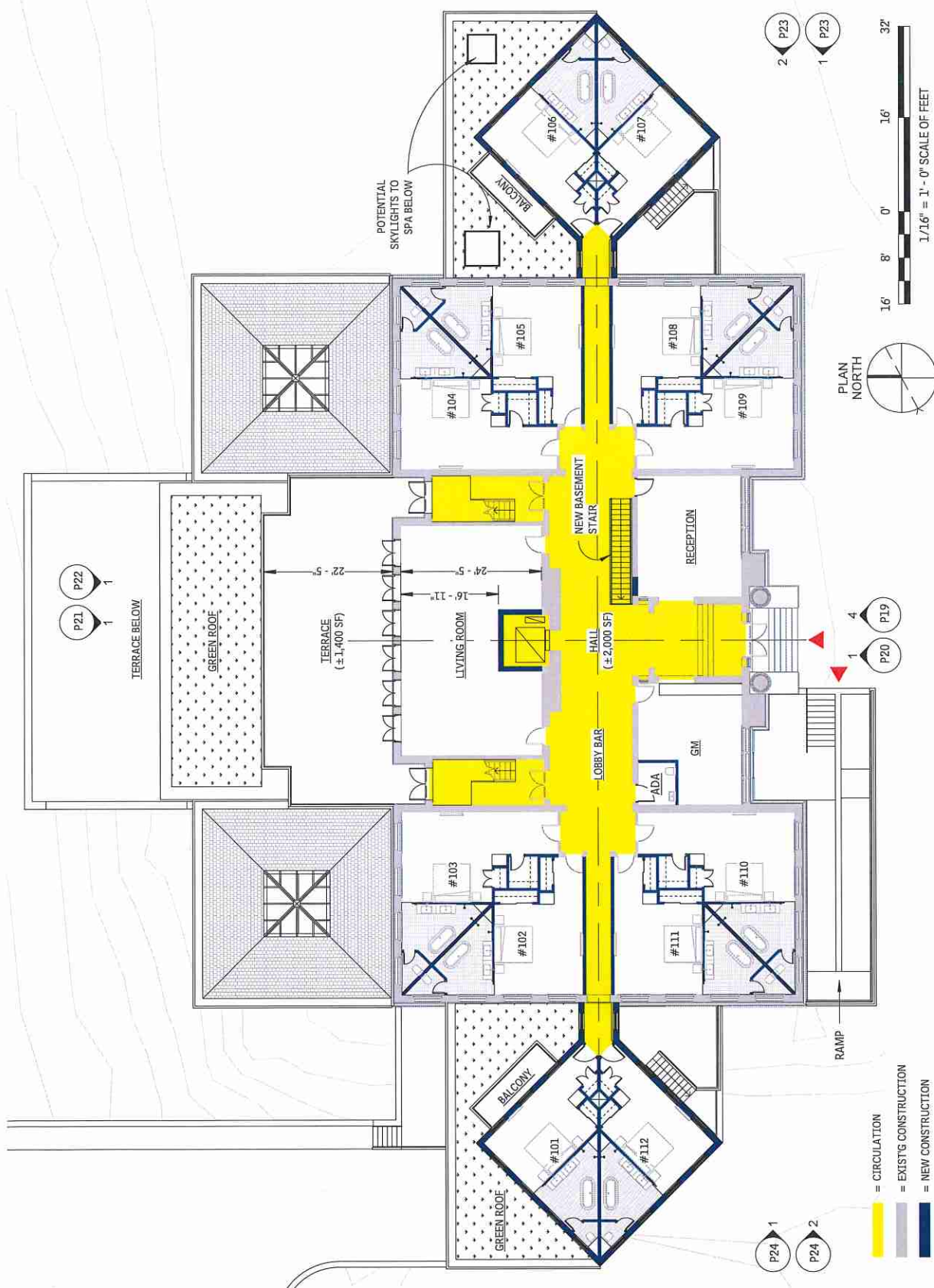
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Sketch Number:

P13





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Second Floor Demo Plan

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As indicated

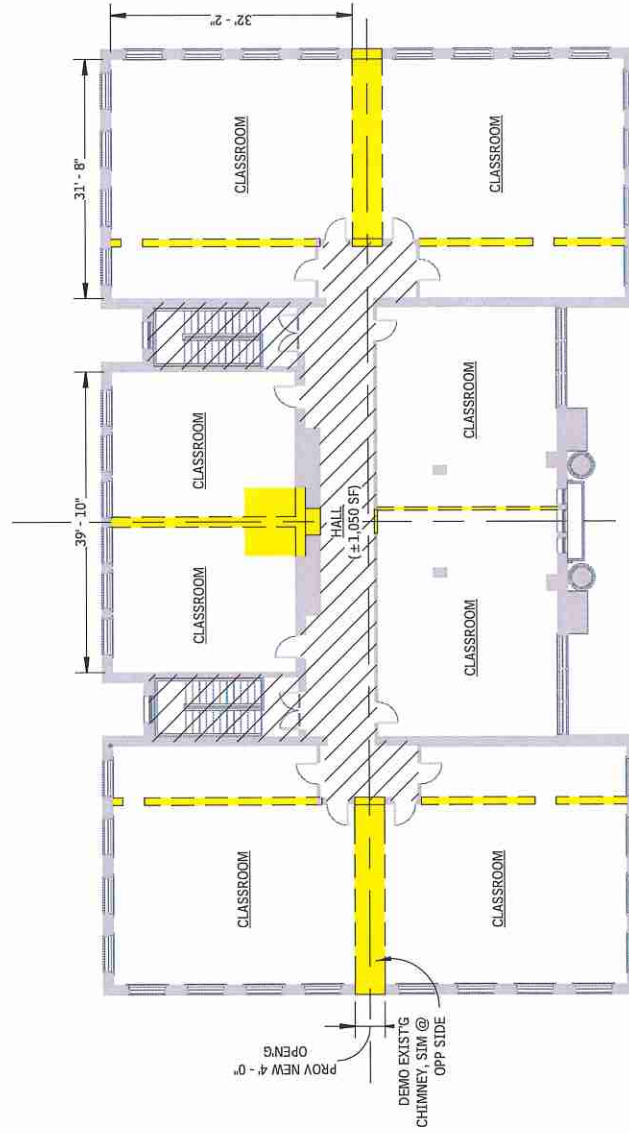
Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number:

P14



P23
2
P23
1

P20
1
P19
4

P24
1
P24
2



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Second Floor Concept

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As indicated

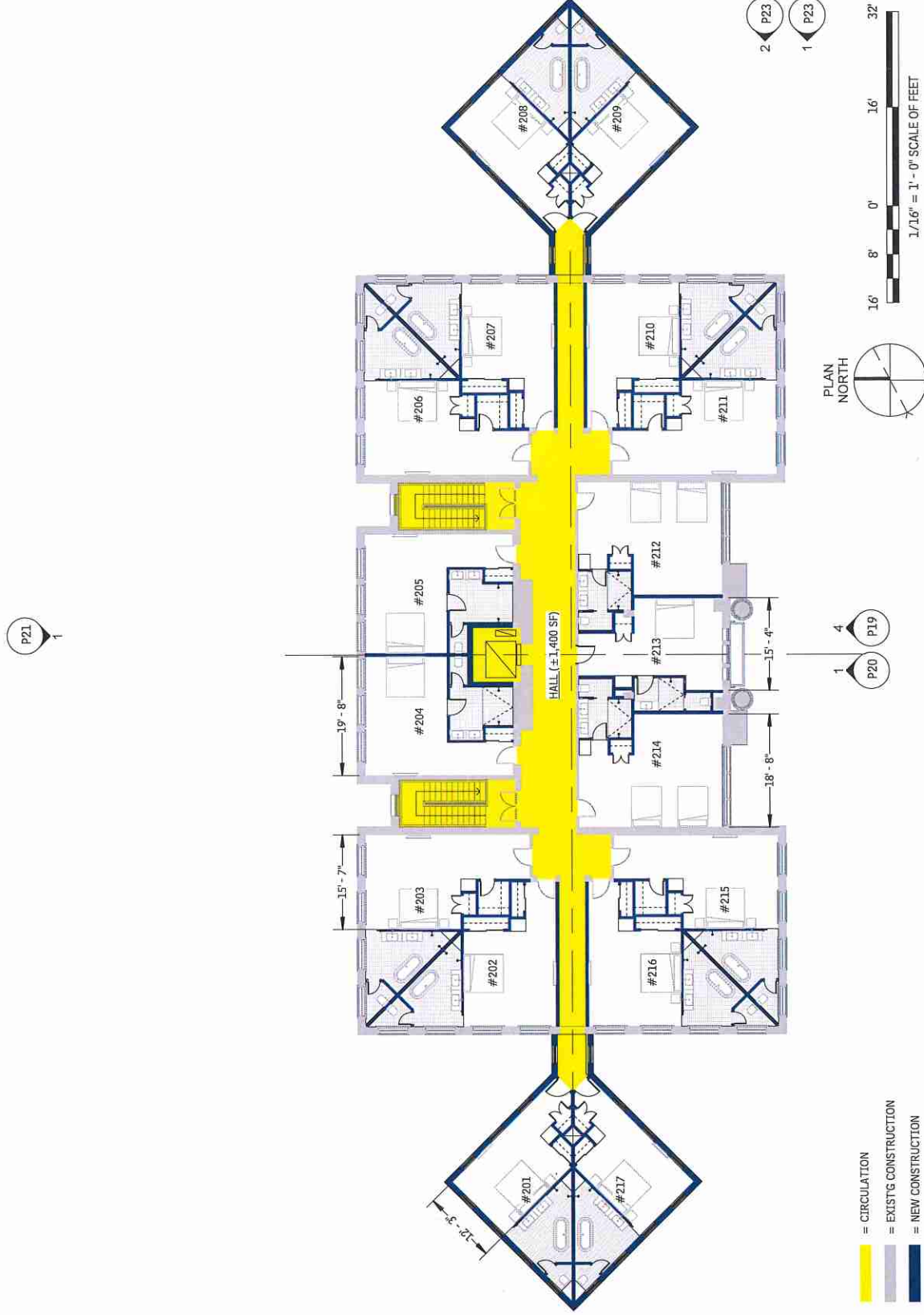
Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number:

P15





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Roof Plan

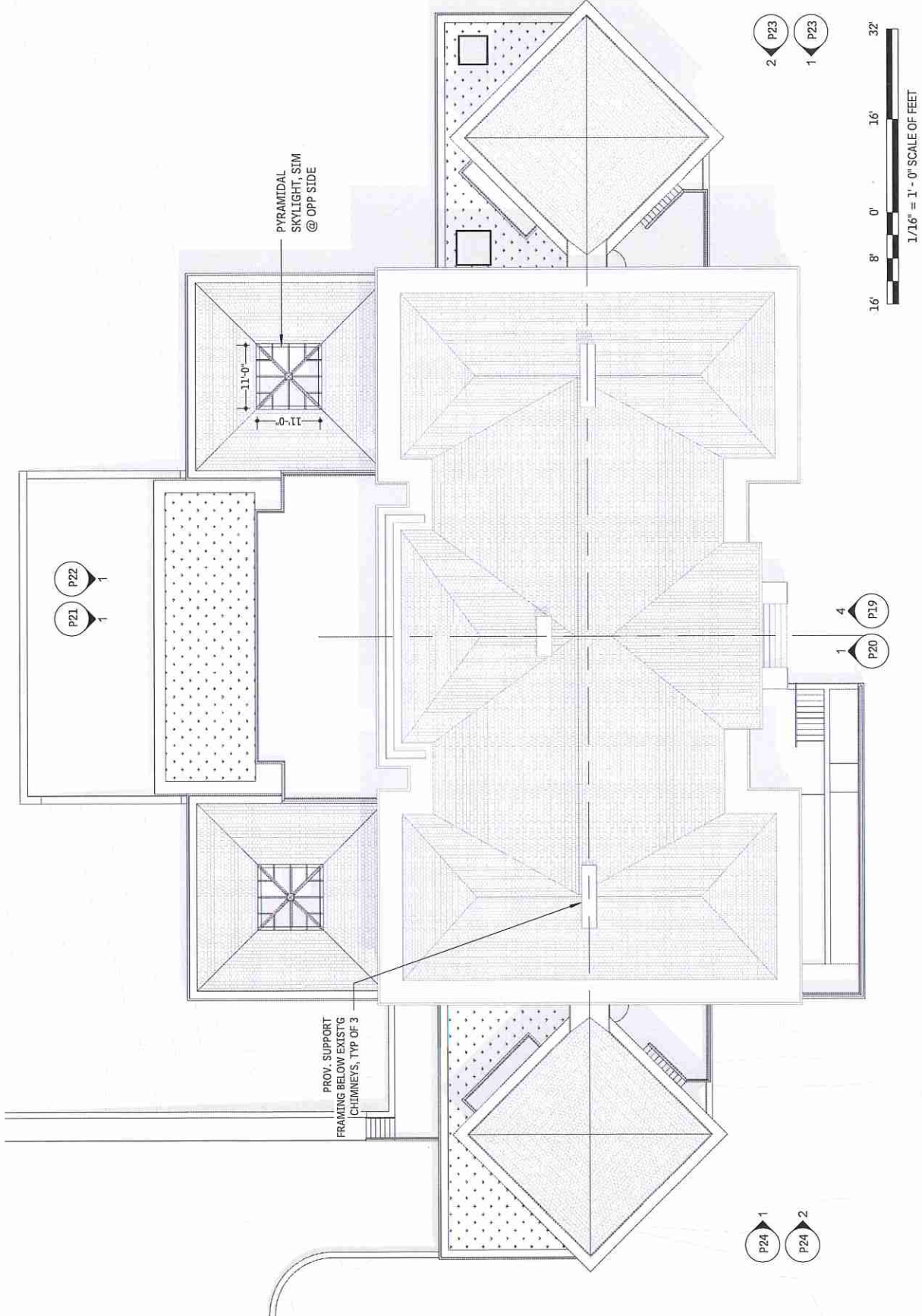
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Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number: **p16**





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-1076

Suite Module A

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: As Indicated

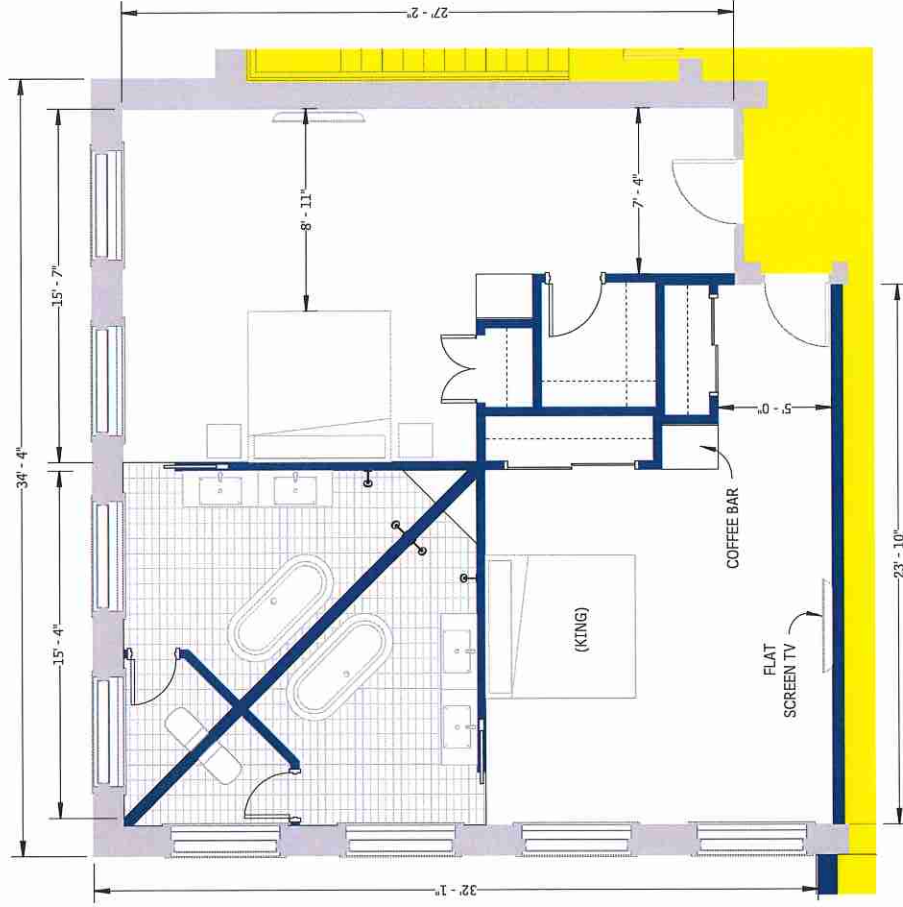
Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number:

P17



- = CIRCULATION
- = EXIST'G CONSTRUCTION
- = NEW CONSTRUCTION



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-1076

Suite Module B

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

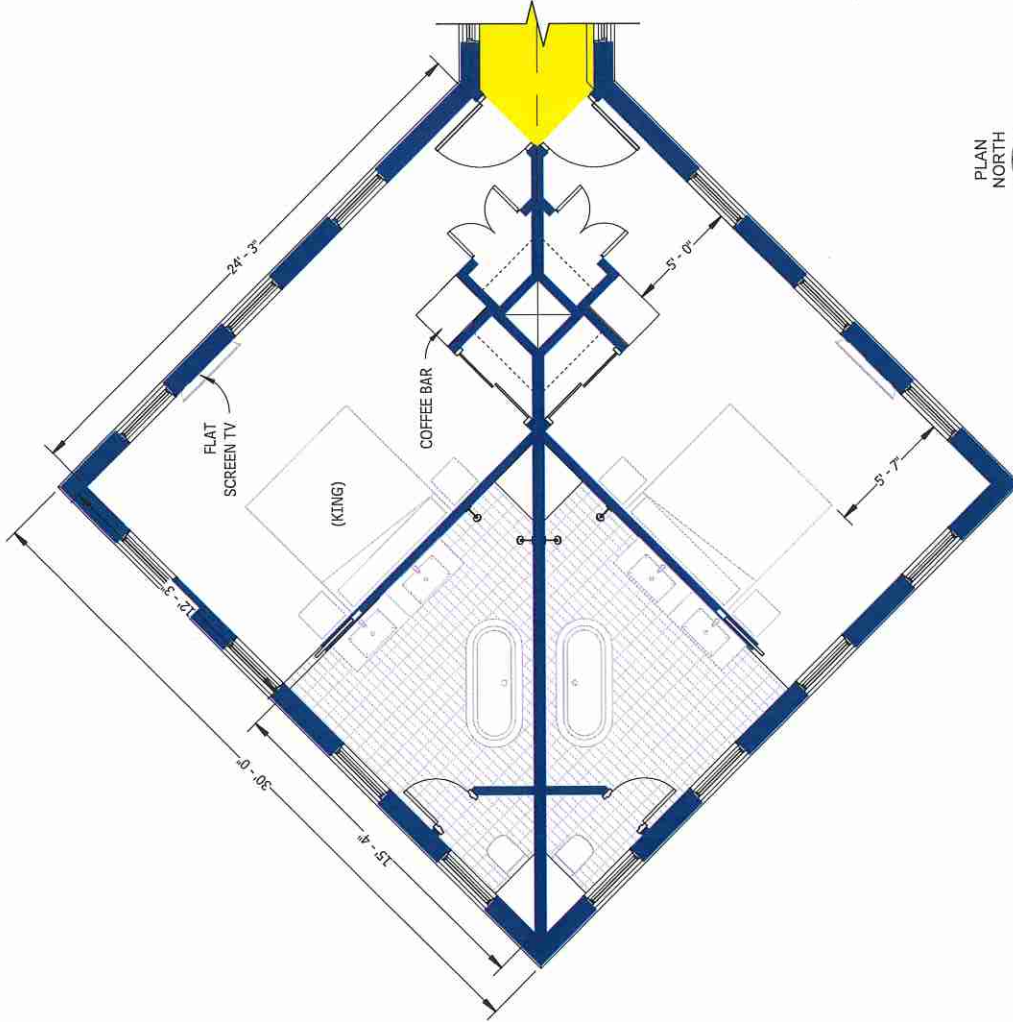
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Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number: **p18**

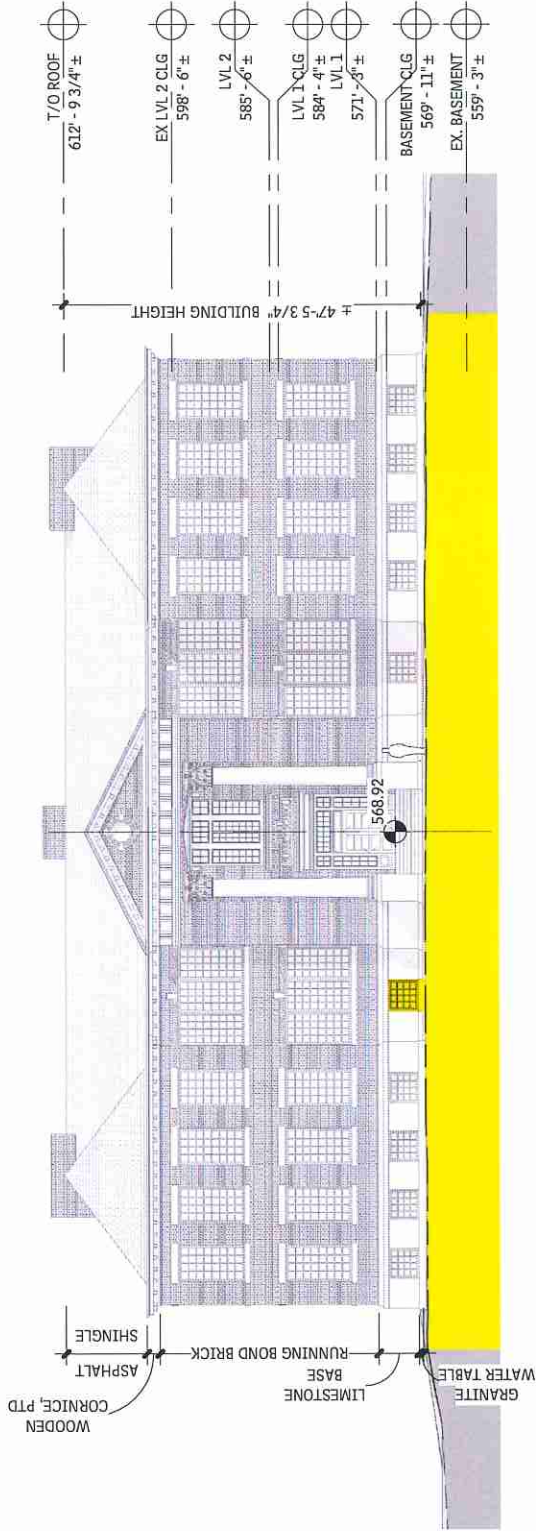


- = CIRCULATION
- = EXIST'G CONSTRUCTION
- = NEW CONSTRUCTION





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



East (Summit Ave) Demo Elevation

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1/16" = 1'-0"

Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

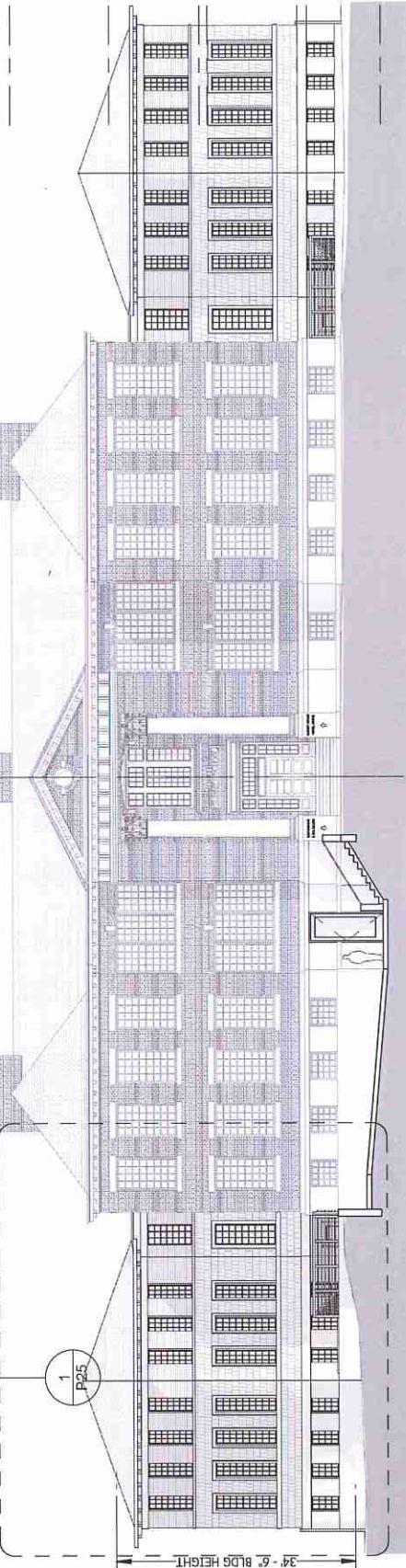
Sketch Number: **p19**



1/16" = 1'-0" SCALE OF FEET



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



East (Summit Ave)
Elevation
Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1/16" = 1'-0"

Date: 01/12/22

Revision:	
NO.	DESCRIPTION
DATE	

Sketch Number: **P20**





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

West (Virginia Ave) Demo Elevation

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

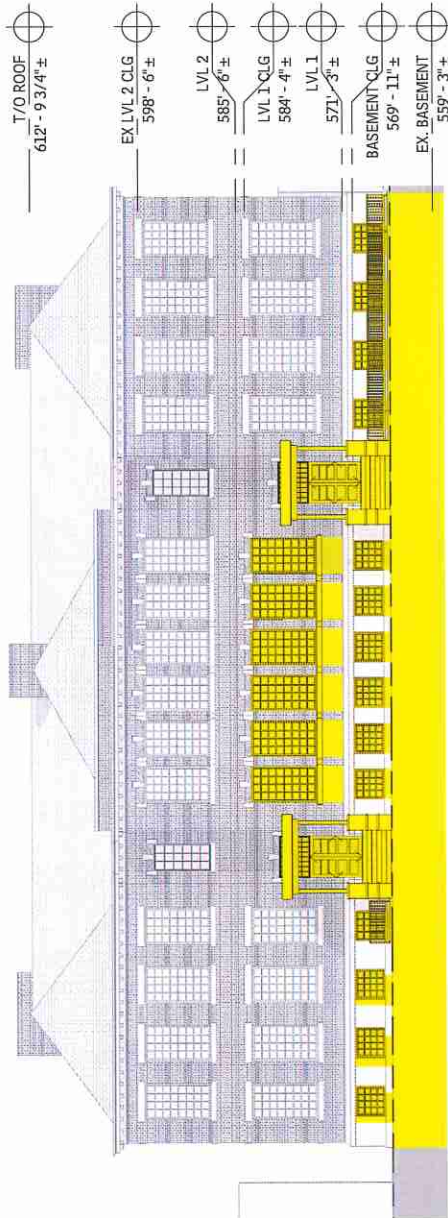
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Date: 01/12/22

Revision:

NO.	DESCRIPTION	DATE

Sketch Number: **p21**





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

West (Virginia Ave) Elevation

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

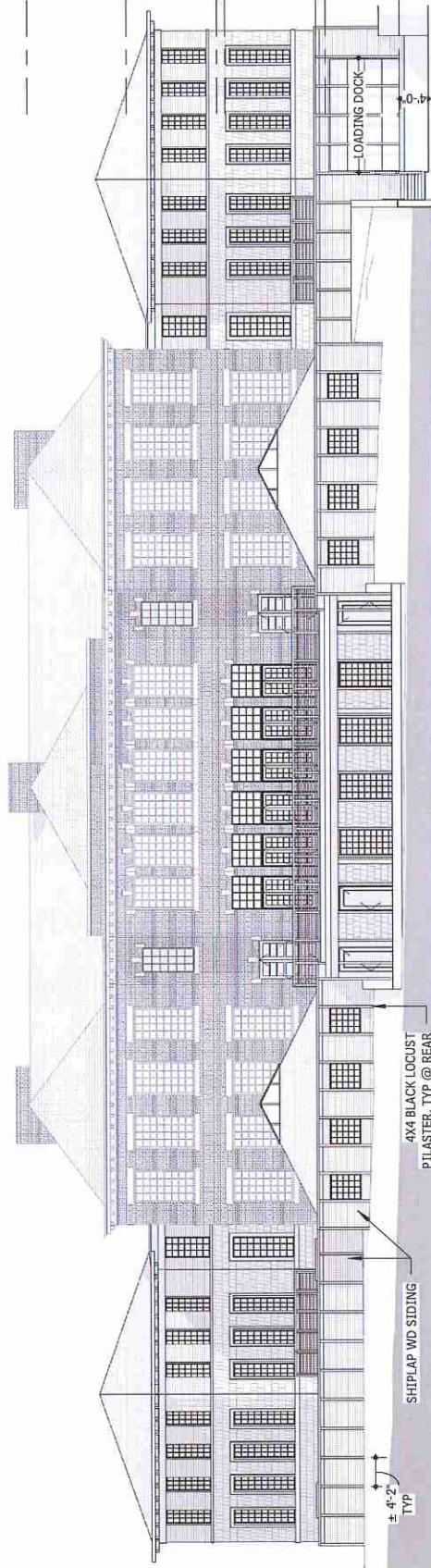
Scale: 1/16" = 1'-0"

Date: 01/12/22

Revision:

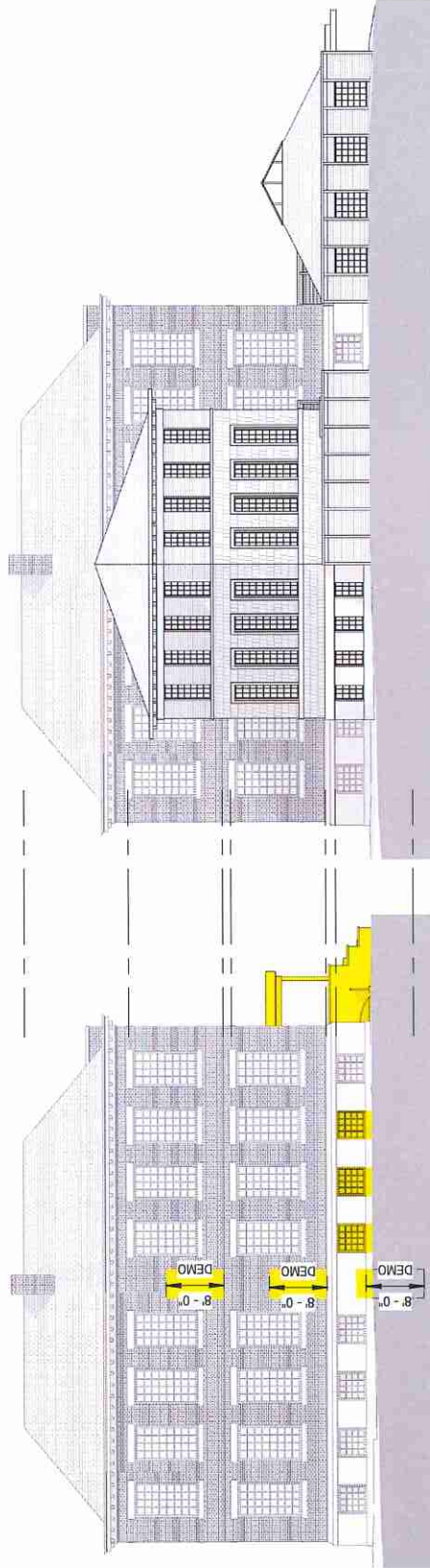
NO.	DESCRIPTION	DATE

Sketch Number: **p22**





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



1 Demo Elevation
P23 1/16" = 1'-0"

2 Concept Elevation
P23 1/16" = 1'-0"



North Elevations

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1/16" = 1'-0"

Date: 01/12/22

Revision:

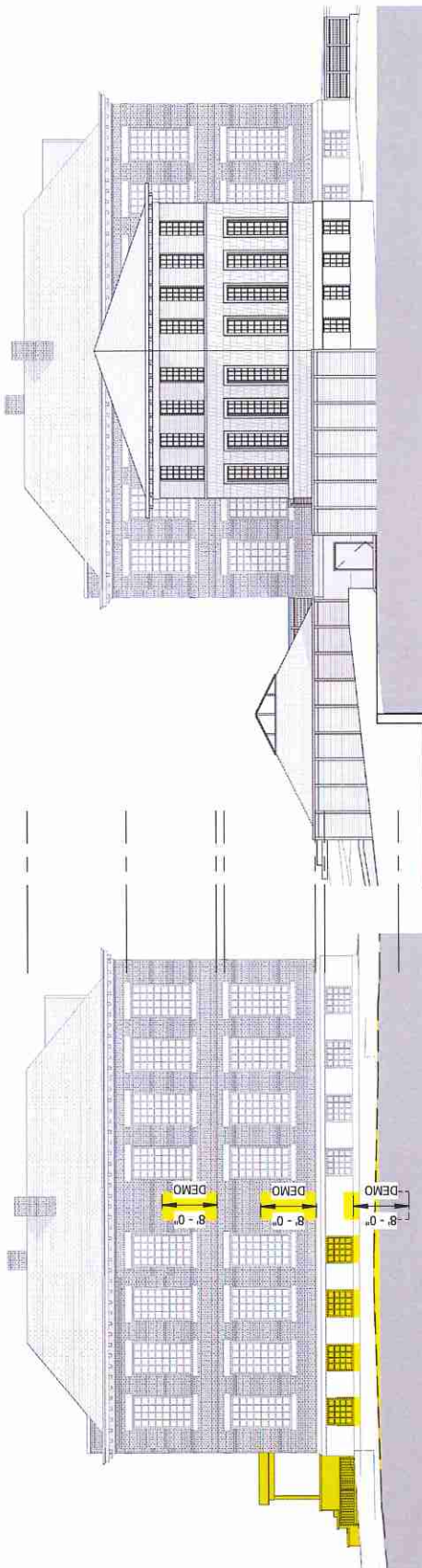
NO.	DESCRIPTION	DATE

Sketch Number:

P23



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



1 Demo Elevation
1/16" = 1'-0"

2 Concept Elevation
1/16" = 1'-0"



South Elevations

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1/16" = 1'-0"

Date: 01/12/22

Revision:

NO.	DESCRIPTION	DATE

Sketch Number: **p24**



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Enlarged Elevation

Proposed Revitalization & Addition

535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 3/16" = 1'-0"

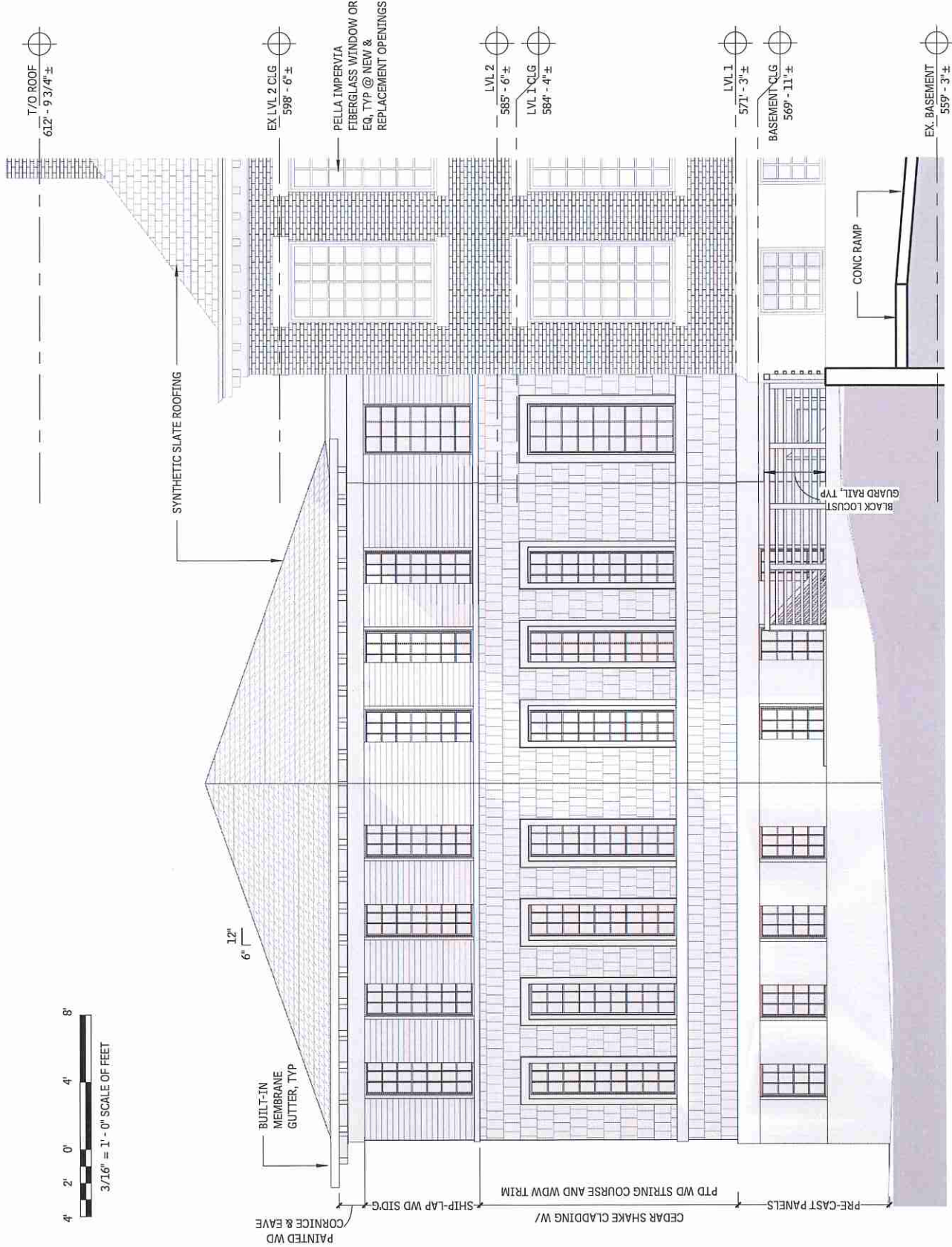
Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

Sketch Number:

p25





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

EXIST'G GROSS BLDG AREA		
Level	Area	

EX. BASEMENT	8,299 SF
LVL 1	8,319 SF
LVL 2	8,288 SF
24,905 SF	

NEW GROSS BLDG AREA		
Level	Area	

EX. BASEMENT	1,695 SF
EX. BASEMENT	1,664 SF
EX. BASEMENT	3,828 SF
LVL 1	937 SF
LVL 1	937 SF
LVL 2	937 SF
LVL 2	937 SF
10,935 SF	

Area Plans

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale: 1" = 30'-0"

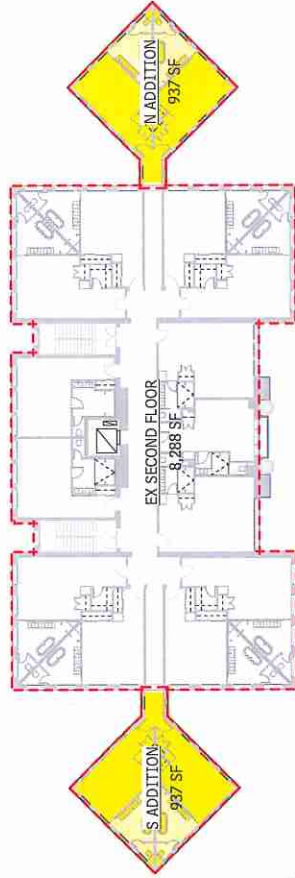
Date: 01/12/22

Revision:

NO. DESCRIPTION DATE

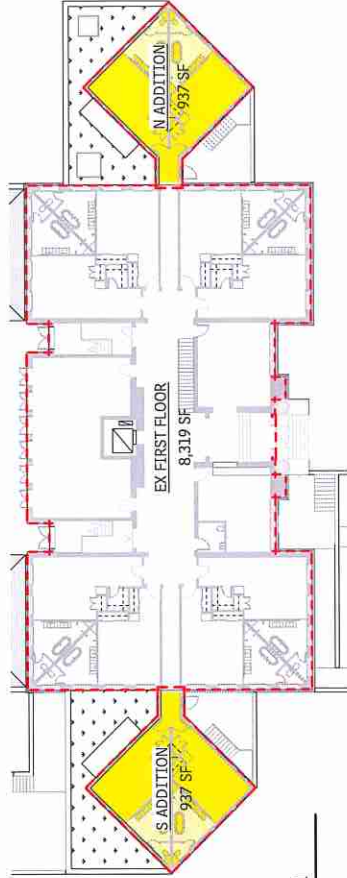
Sketch Number:

p29



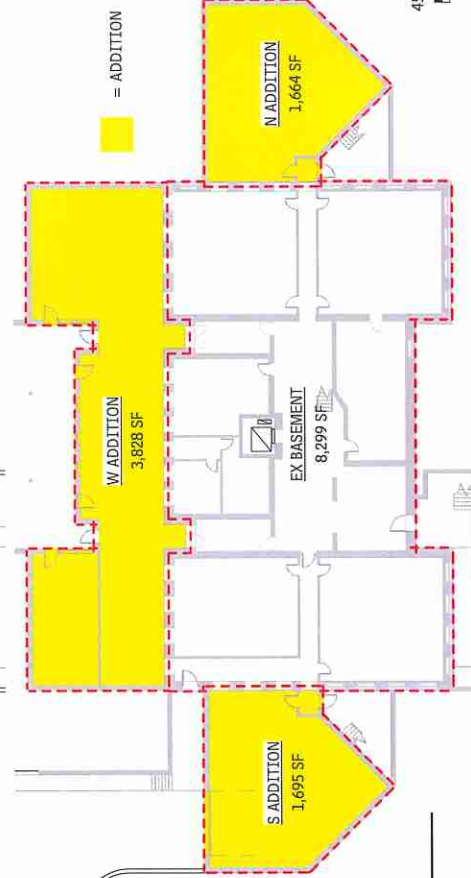
3 Second Floor Area Plan

1" = 30'-0"



2 First Floor Area Plan

1" = 30'-0"



1 Basement Area Plan

1" = 30'-0"



1" = 30' - 0" SCALE OF FEET



2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076

Birdseye Looking Northeast

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

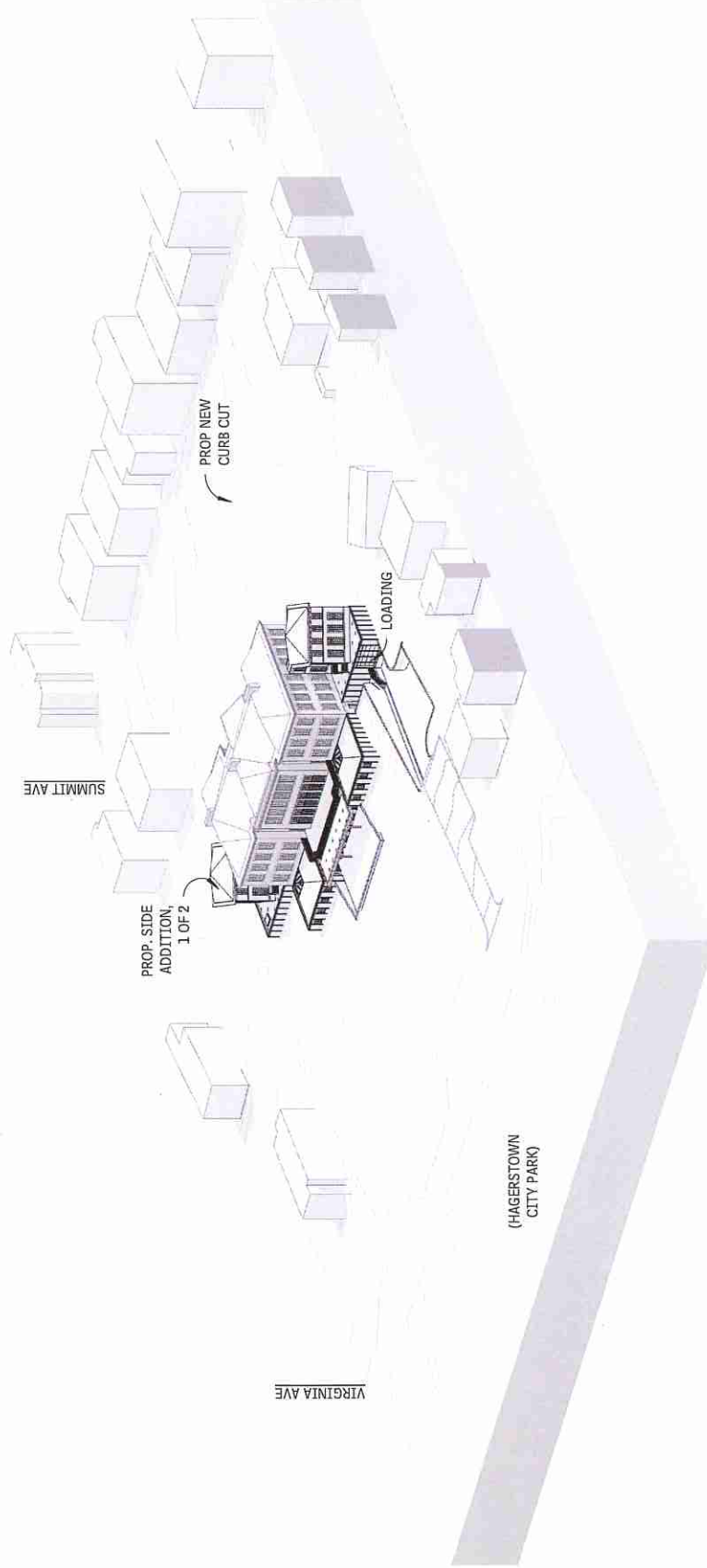
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Date: 01/12/22

Revision:

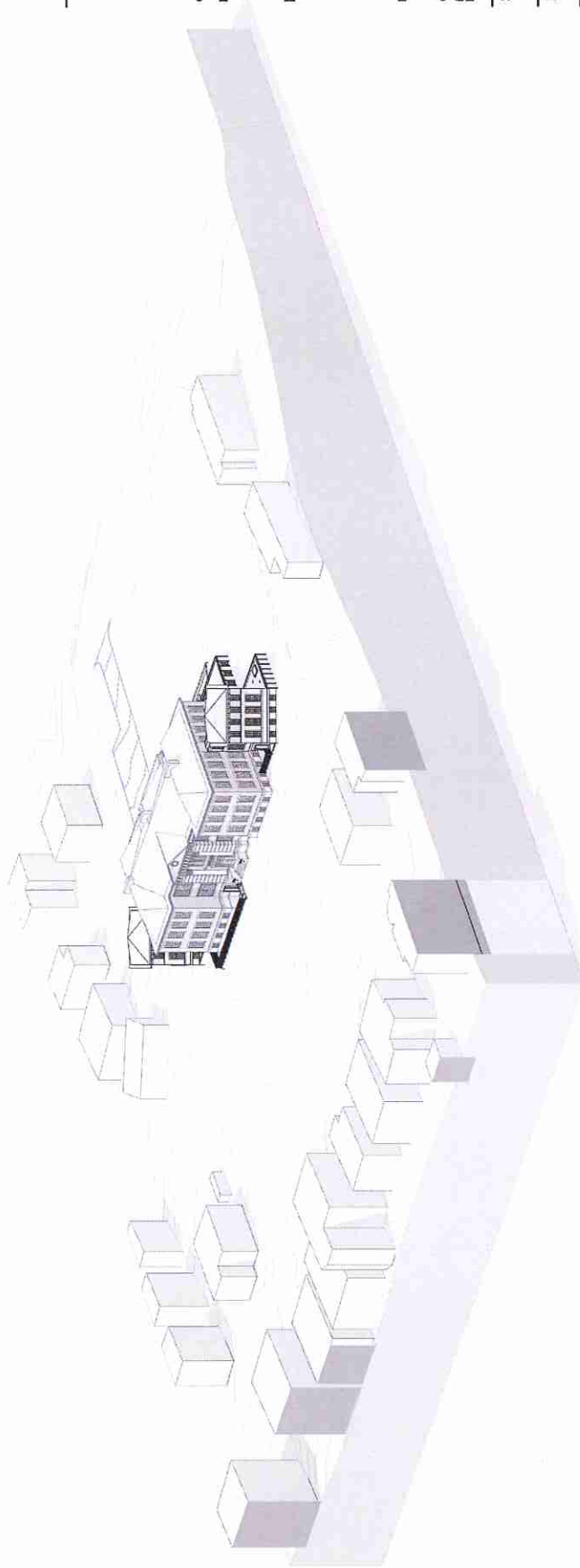
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Sketch Number: **P30**





2126 15TH ST SE
WASHINGTON DC 20020
(847) 997-0076



Birdseye Looking Southwest

Proposed Revitalization & Addition
535 SUMMIT AVE
HAGERSTOWN, MD 21740

Scale:

Date: 01/12/22

Revision:

NO.	DESCRIPTION	DATE

Sketch Number: **p31**

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Review of Central Lot addition to the Competitive Negotiated Sale Program ~ *Doug Reaser, Business Development Specialist*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Review_of_Central_Lot_addition_to_the_CNS_Program.pdf

Description

Review of Central Lot addition to the Competitive Negotiated Sale Program



CITY OF HAGERSTOWN, MARYLAND

Department of Community and Economic Development

TO: Scott Nicewarner, City Administrator

FROM: Doug Reaser, Business Development Specialist

DATE: March 29, 2022

RE: Review of Central Lot addition to the Competitive Negotiated Sale program

DCED staff will attend the April 5th Work Session to review the Central Lot, and the possibility of adding these sites to the City's Competitive Negotiated Sale (CNS) program with the goal of transferring the property to the private sector for redevelopment.

Central Lot

- DCED staff have received inquiries about potential sale of portion of the Central Parking lot to a private entities for redevelopment.
- Site was previously included in the Community City Center Plan as catalyst project #1 for Class A office space. A developer had responded to a RFQ but the agreement has since expired.
- Including the sites would eliminate future surface parking.
 - Site A – 48 surface parking spots
 - Site B – 16 surface parking spots
- Traffic Impact if Site A is included:
 - Average inbound (into the lot) volume is 440 vehicles per day. Most of the volume happens over 10 hours so the average hourly volume is 44 vehicles
 - Peak inbound volume is around 60 between 4:00 p.m. and 5:00 p.m.
 - Using peak hourly volume (60), one car per minute is anticipated to have to make a left from Potomac onto Washington Street to access the Central Lot.
 - Engineering concludes that building a structure front onto Potomac Street will have no impact on the Potomac/Washington intersection's level of service

Competitive Negotiated Sale Process

A brief summary of the Competitive Negotiated Sales Process is as follows:

- The Competitive Negotiated Sale is a process that facilitates the sale of City-owned properties with the goal of returning the property to the private sector for its redevelopment and highest/best use.
- The City of Hagerstown makes real estate available for purchase and redevelopment.
- The Department of Community and Economic Development (DCED) coordinates the process and accepts purchase applications.
- The Mayor and City Council identifies properties to be offered for sale and ultimately approves any development concept and purchase.

An overview of the CNS process is included as an attachment. Staff request Mayor and City Council direction on adding the Central Lot sites to the CNS program.

Attachments: Exhibit of Central Lot
Competitive Negotiated Sale Process Summary

- c. Jill Thompson, Director DCED, Michelle Hepburn, Chief Financial Officer,
Eric Deike, Director of Public Works, Rodney Tissue, Director of Engineering



N. POTOMAC ST.

80'±

239'±

SITE
A

CRAMER ALLEY

120'±

SITE
B

110'±

E. WASHINGTON ST.

CENTRAL LOT EXHIBIT

SCALE: 1"= 50'

City of Hagerstown

**Competitive Negotiated Sale Process
SUMMARY**

The following is a summary of the program which originated in 2013.

Program Overview

- The Competitive Negotiated Sale is a process that facilitates the sale of City-owned properties with the goal of returning the property to the private sector for its redevelopment and highest/best use. The City of Hagerstown makes real estate available for purchase and redevelopment. The Department of Community and Economic Development (DCED) coordinates the process and accepts purchase applications. The Mayor and City Council identifies properties to be offered for sale and ultimately approves any development concept and purchase.
- Any entity or individual may qualify to purchase City property through this process except that some restrictions may apply to City of Hagerstown employees. The purchaser must provide a project plan and budget and be able to demonstrate the financial ability and experience necessary to complete the purchase, the proposed development plan and /or the operation and proper maintenance of the property.
- Properties currently available through CNS:
 - Elizabeth Hager Center, 14 N Potomac St.

Program Process

- Applicants must submit a completed CNS application form, along with all required supporting documents to DCED. A cross-department staff committee reviews all application submittals and recommends complete and viable applications to the Mayor and City Council. Competitive proposals are accepted on an ongoing basis. During committee review of CNS proposals, the development plan is weighed equally if not more importantly than the proposed sale price. The goal is to find the highest and best use of each CNS property.
- CNS properties are marketed through the City of Hagerstown's (DCED) website, through free real-estate websites such as Co-Star, by local realtors and developers and through signage on the buildings.
- CNS properties acquired or rehabilitated with State Community Legacy funds may restrict the types of uses for the property. For example, Community Legacy funded buildings cannot be used for the following: pawn shops, gun shops, tanning salons, massage parlors, adult video/book shops, adult entertainment facilities, check cashing facilities, gambling facilities, tattoo parlors or liquor stores.
- CNS properties acquired or rehabilitated with CDBG funds typically require sale proceeds to return to the CDBG program.
- DCED staff maintains documentation concerning other aspects of CNS properties where applicable, such as code overviews and environmental assessment reports.

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

National Opioid Distributors and J&J Settlements Update ~ *Jason Morton, City Attorney*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Memo_-_Opioid_Settlement_Update.pdf

Description

Memo - Opioid Settlements
Update



CITY OF HAGERSTOWN, MARYLAND

Donna K. Spickler

City Clerk

One East Franklin Street • Hagerstown, MD 21740

E-mail: dspickler@hagerstownmd.org

Telephone: 301.766.4183 • TDD: 301.797.6617

TO: Mayor and City Council Members
Scott Nicewarner, City Administrator

FROM: Donna K. Spickler, City Clerk

SUBJECT: National Opioid Distributors and J&J Settlements Update

DATE: March 31, 2022

Jason Morton, City Attorney, will attend the April 5, 2022 Work Session to provide an update of the opioid distributors acceptance of national settlement agreements and the City's responsibilities under those agreements.

A Special Session has been scheduled for April 5, 2022 for the Mayor and City Council to move forward with directing the deposit of funds associated with the litigation, if they choose to.

Please let me know if you have any questions or would like additional information.

Thank you.



**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Approval of Motion Authorizing, Approving, and Directing the Deposit of All Funds Paid to the City in Connection with its Litigation Against Contributors of the Opioid Addiction Crisis into the City's Special Grant Revenue Fund

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Motion_-_Opioid_Abatement_Fund.pdf

Description

Motion - Opioid Settlement
Deposit of Funds to Special
Grant Revenue Fund

REQUIRED MOTION

MAYOR AND CITY COUNCIL

HAGERSTOWN, MARYLAND

DATE: April 5, 2022

TOPIC: A MOTION OF THE CITY OF HAGERSTOWN, MARYLAND ("CITY") AUTHORIZING, APPROVING AND DIRECTING THE DEPOSIT OF ALL FUNDS PAID TO THE CITY IN CONNECTION WITH ITS LITIGATION AGAINST CONTRIBUTORS OF THE OPIOID ADDICTION CRISIS INTO THE CITY'S SPECIAL GRANT REVENUE FUND

Charter Amendment ☐

Code Amendment ☐

Ordinance ☐

Resolution ☐

Other ☒

MOTION: I hereby move for the approval of a Motion authorizing the City to deposit all funds which it receives by virtue of the State Subdivision Agreement dated January 21, 2022 ("the Agreement") into the City's Special Grant Revenue Fund, which will allow the City to segregate and separately track all funds received and spent by utilizing various accounts and projects by virtue of the Agreement. In addition, the City will establish a separate non-pooled bank account to monitor and track these funds. The Agreement is the mechanism by which the City receives its share of the settlement funds realized by virtue of its participation in the Distributor Settlement Agreement (dated 7/21/21) and the Jannsen Settlement Agreement (dated 7/21/21) (collectively "the National Agreements.") The City anticipates receiving additional opioid litigation settlement funds by virtue of additional national agreements. Said additional funds shall be allocated among the subdivisions in accordance with the Agreement. And said additional funds will likewise be deposited into the Special Grant Revenue Fund, without the need for further Motion.

DATE OF INTRODUCTION: 4/5/2022

DATE OF PASSAGE: 4/5/2022

EFFECTIVE DATE: 4/5/2022

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Approval of Purchase of One Vehicle for Police Use - Gene Latta Ford (Hanover, PA) \$
22,034.00

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Motion_-_HPD_Purchase_of_Vehicle___Consent_Form.pdf
2021_Ford_Fusion.pdf
QUOTES.pdf

Description

Motion and Signed Consent
Form
Consent Form
Quotes

REQUIRED MOTION

MAYOR AND CITY COUNCIL HAGERSTOWN, MARYLAND

Date: April 5, 2022

TOPIC: Approval of Purchase of (1) Vehicle for Police Use

Charter Amendment	_____
Code Amendment	_____
Ordinance	_____
Resolution	_____
Other	<u> X </u>

MOTION: I hereby move for Mayor and Council approval of the purchase of one (1) vehicle for police use. These vehicles will be purchased from Gene Latta Ford in Hanover, Pennsylvania, for a total of \$22,034.00.

Funding will be from HPD's Vehicle CIP Account #C0129.

DATE OF PASSAGE: April 5, 2022



CITY OF HAGERSTOWN MARYLAND

DEPARTMENT OF POLICE
50 N. Burhans Blvd.

Non-Emergency 301-790-3700
Emergency 240-313-4345
Fax 301-733-5513

March 31, 2022

To: Scott Nicewarner,
City Administrator

From: Paul J. Kifer, *PK*
Chief of Police

Ref: FY22 Police Used Vehicle Purchase

The Hagerstown Police Department is seeking Mayor and Council approval to purchase a used 2020 Ford Fusion sedan. The vehicle will be purchased from Gene Latta Ford in Hanover, Pennsylvania. The purchase price is \$22,034.00. At least three quotes for similar vehicles were obtained and this is the lowest quoted price.

The purchase will be made with funds from the Hagerstown Police CIP 45-C0129, Police Vehicles.



A Nationally Accredited Law Enforcement Agency



Fiscal Year: 22 Source of Funds: CIP

ABOVE TO BE USED FOR: Replacement vehicle for Criminal Investigative Unit.

RECOMMENDED VENDOR: Business Name: Gene Latta Ford
Business Address: 1565 Carlisle Pike Route
City/State/Zip: Hanover, Pennsylvania 17331

Bid/Proposal/Quote No.: _____ Sole Source? Yes X No

[illegible]

PLEASE INDICATE WHICH FOCUS AREA OF THE MAYOR & COUNCIL'S STRATEGIC PLAN THIS PURCHASE/CONTRACT APPLIES TO		
Indicate with an X	FOCUS AREA	GOAL STATEMENT
	NEIGHBORHOODS REVITALIZATION & SUSTAINABILITY	The citizens of Hagerstown will experience a high quality of life.
X	PUBLIC SAFETY	The City of Hagerstown ensures that all who live, work, and play in the City of Hagerstown will be healthy and safe.
	PUBLIC FACILITIES & INFRASTRUCTURE	The City of Hagerstown will maintain quality services and infrastructure that support residents and businesses in a cost-effective manner.
	ECONOMIC DEVELOPMENT	The City of Hagerstown will continue to grow a diverse, business-friendly economy that supports the community's needs.
	CITIZEN-BASED GOVERNMENT	The City of Hagerstown is an ethical and financial responsible government.
	FISCAL ACCOUNTABILITY	The City of Hagerstown will strive for continuous improvement of fiscal responsible decision making.
	PARKS & RECREATION FOR ACTIVE/HEALTHY LIVING	The City of Hagerstown supports a culturally vibrant community.
	INNOVATIVE/PROGRESSIVE GOVERNMENT	The City of Hagerstown is committed to employee development, excellence in services, and adapting to meet the needs of the community and organization.
	COMMUNITY PROMOTION/PRIDE	The City of Hagerstown will improve our community image.
	ECONOMIC DEVELOPMENT THROUGH SPORTS AND TOURISM	The City of Hagerstown will be creative and diversify opportunities for economic development through non-traditional means.
	MISC. PROJECTS, GOALS AND LEGISLATIVE PRIORITIES	The City of Hagerstown takes a creative approach at finding solutions.

REVIEWED AND APPROVED AS FOLLOWS:

(1) Department Director and Division Manager

COMMENTS This purchase is to replace a vehicle in our Criminal Investigations Unit. The funds to purchase this vehicle is in our 2022 Vehicle CIP budget.

Cheryl Paw 19 3/31/22
Signature / Date

Signature / Date

(2) Purchasing Agent

COMMENTS

Recommend approval.

Jason L. Wills 4/1/22
Signature / Date

(3) Chief Financial Officer

COMMENTS

Approve

Michelle H... 4/1/22
Signature / Date

(4) City Administrator

COMMENTS

Recommend Approval

Sean M... 4/1/22
Signature / Date



Fiscal Year: 22 Source of Funds: CIP

[illegible]

PLEASE INDICATE WHICH FOCUS AREA OF THE MAYOR & COUNCIL'S STRATEGIC PLAN THIS PURCHASE/CONTRACT APPLIES TO		
Indicate with an X	FOCUS AREA	GOAL STATEMENT
	NEIGHBORHOODS REVITALIZATION & SUSTAINABILITY	The citizens of Hagerstown will experience a high quality of life.
X	PUBLIC SAFETY	The City of Hagerstown ensures that all who live, work, and play in the City of Hagerstown will be healthy and safe.
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	PARKS & RECREATION FOR ACTIVE/HEALTHY LIVING	The City of Hagerstown supports a culturally vibrant community.
	INNOVATIVE/PROGRESSIVE GOVERNMENT	The City of Hagerstown is committed to employee development, excellence in services, and adapting to meet the needs of the community and organization.
	COMMUNITY PROMOTION/PRIDE	The City of Hagerstown will improve our community image.
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	MISC. PROJECTS, GOALS AND LEGISLATIVE PRIORITIES	The City of Hagerstown takes a creative approach at finding solutions.

REVIEWED AND APPROVED AS FOLLOWS:

(1) Department Director and Division Manager

COMMENTS This purchase is to replace a vehicle in our Criminal Investigations Unit. The funds to purchase this vehicle is in our 2022 Vehicle CIP budget.

Cheryl Paw 19 3/31/22
Signature / Date

Signature / Date

(2) Purchasing Agent

COMMENTS

Signature / Date

(3) Chief Financial Officer

COMMENTS

Signature / Date

(4) City Administrator

COMMENTS

Signature / Date



Select Language | ▼



"Customers Come First"

New Inventory

Pre-Owned Inventory

Commercial Vehicles

Finance & Specials

Sales Showroom is NOW Open! The health and safety of our staff, customers, and community is our top priority



1 of 29 Photos



Certified Pre-Owned 2020 Ford

Fusion S

VIN: 3FA6POG79LR121936 Stock: P7400A

READY TO TRADE OR SELL?

GET AN INSTANT OFFER!



#1 - C/L 4/57

22,834.00
9326 miles

Sales: 717-219-7926 Service: 717-633-8813 Parts: 717-633-4944

1565 Carlisle Pike, Hanover, PA 17331

FARS™

A Cooperative Purchasing Program
for Safety and Procurement Savings



1 Viewed Saved Alerts Log In

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Read an important message from Gene Latta Ford Inc.



Share

Save

Detailed Pricing

Was	\$24,500
Your Savings	-\$2,239
Now	\$22,261

[View Window Sticker](#)



[Check Availability](#)



Sample Payment²: \$396/mo

60 Months @ 6.9% A.P.R. (estimated financing rate) \$2,227

Down Payment

Gene Latta
Hanover, PA

~~22,000~~
22,261.00

Fusion S
9,326

00,480,66
2d/m 260P

10/12/11 - 17

USE KATA 7000
P7400A

HRM-000415 PA 9-NORMAL, N.A. 100415, RE291 4038

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Go Further
ford.com

FUSION

2020 FUSION S FWD
5-PASSENGER
2.5L I4 VCT

LR 121936

EXTERIOR
SILVER
INTERIOR
MED LT STONE CLOTH SEATS

STANDARD EQUIPMENT INCLUDED AT NO EXTRA CHARGE

- EXTERIOR**
 - EASY FUEL CAPLESS FILLER
 - GLASS - SOLAR-TINTED
 - HEADLAMP COUPLER
 - HEADLAMP - AUTOLAMP
 - INTERIOR FOLD POWER MIRRORS
 - WIPERS - LED
 - WIPERS - RAIN-SENSING
- INTERIOR**
 - 60/40 SPLIT FOLD REAR SEAT
 - AUTO-DIM REARVIEW MIRROR
 - BUCKET SEATS-MANUAL 6-WAY DRIVER, 4-WAY FRONT PASS
 - CENTER CONSOLE W/ARMREST, STORAGE & 2 CUPHOLDERS
 - CLOTH SEATING SURFACES
 - POWERPOINTS - 12V (2)
 - ROTARY GEAR SHIFT DIAL
 - TILT STEERING WHL/CRUISE
 - WINDOWS-1-TOUCH UP/DOWN FRONT/REAR
 - WINDOWS-GLOBAL OPEN/CLOSE
- FUNCTIONAL**
 - AW/FM/MP3, 4SPKR
 - FORD CO-PILOT360™
 - FORDPASS™ CONNECT 4G-Wi-Fi
 - HOTSPOT TELEMATICS MODEM
 - POWER STEERING W/EPAS
 - PUSH-BUTTON START
 - REAR VIEW CAMERA
 - REMOTE KEYLESS ENTRY
- SAFETY/SECURITY**
 - ADVANCEDTRAC ESC
 - AIRBAGS-DRIVER/PASS KNEE
 - AIRBAGS - DUAL STAGE FRONT
 - AIRBAGS - FRONT SEAT
 - ANTI-LOCK BRAKES
 - ANTI-ROLL OVER SENSING
 - ANTI-LOCK STEERING SYSTEM
 - PERIMETER ALARM
 - SECURITY LOCK® ANTI-THEFT SYS
 - TPMS - INDIVIDUAL
- WARRANTY**
 - 3YR/36,000 BUMPER / BUMPER
 - 5YR/60,000 ROADSIDE ASSIST
 - 5YR/60,000 POWERTRAIN

INCLUDED ON THIS VEHICLE	(MSRP)	PRICE INFORMATION	(MSRP)
EQUIPMENT GROUP 100A		BASE PRICE	\$24,170.00
OPTIONAL EQUIPMENT/OTHER		TOTAL OPTIONS/OTHER	\$24,170.00
50 STATE EMISSIONS		TOTAL VEHICLE & OPTIONS/OTHER	23,170.00
		DESTINATION & DELIVERY	995.00

RAMP ONE			
RV2G			
RAMP TWO			
TRAILER			
16-0812 O/T 2			
TOTAL MSRP \$24,165.00			
Whether you decide to lease or finance your vehicle, you'll find the choices that are right for you. See your dealer for details or visit www.ford.com/finance .			
KH291 N RA 2X 015 000415 08 29 19			

EPA Fuel Economy and Environment DOT

Fuel Economy

24 MPG

combined city/hwy city highway

4.2 gallons per 100 miles

Midsize Cars range from 12 to 136 MPG. The best vehicle rates 136 MPG.

You spend \$1,000

more in fuel costs over 5 years compared to the average new vehicle.

Smog Rating (tailpipe only)

Annual fuel cost \$1,700

Fuel Economy & Greenhouse Gas Rating (tailpipe only)

Best 10 5 10 Best

This vehicle emits 364 grams CO₂ per mile. The best emits 0 grams per mile (tailpipe only). Producing and distributing fuel also create emissions; learn more at fuelconomy.gov.

fuelconomy.gov

Calculate personalized estimates and compare vehicles

GOVERNMENT 5-STAR SAFETY RATINGS

Overall Vehicle Score ★★★★★

Based on the combined ratings of frontal, side and rollover. Should ONLY be compared to other vehicles of similar size and weight.

Frontal	★★★★★
Crash	★★★★★
Driver Passenger	★★★★★
Side	★★★★★
Crash	★★★★★
Rear seat	★★★★★
Rollover	★★★★★

Based on the risk of rollover in a single-vehicle crash.

Star ratings range from 1 to 5 stars (★★★★★) with 5 being the highest.

Source: National Highway Traffic Safety Administration (NHTSA). www.safercar.gov or 1-888-327-4236

FordPass Connect™

Download the FordPass™ app* and you can:

- Access Vehicle Control Features
- Remotely start, lock and unlock your vehicle
- Locate your vehicle and check approximate fuel range
- Receive vehicle health alerts

Activate 4G LTE Wi-Fi Hotspot

- New vehicles include a 3-month or 3GB data (whichever comes first) Wi-Fi trial.
- Connect up to ten Wi-Fi-equipped devices.

*The FordPass Connect™ system is available on select vehicles. See your dealer for details. The FordPass Connect™ system is not available on all vehicles. See your dealer for details.

The FordPass Connect™ system is active and sending vehicle data (e.g. diagnostics) to Ford. See In-Vehicle Settings for connectivity options.

WARNING: Operating, servicing and maintaining a passenger vehicle, pickup truck, van, or off-road vehicle can expose you to chemicals including engine exhaust, carbon monoxide, phthalates, and lead, which are known to the State of California to cause cancer and birth defects or other reproductive harm. To minimize exposure, avoid breathing exhaust, do not idle the engine except as necessary, service your vehicle in a well-ventilated area and wear gloves or wash your hands frequently when servicing your vehicle. For more information go to www.P65Warnings.ca.gov/passenger-vehicle.

3FA6P0G79 LR121936

SCAN OR TEXT 3FA6P0G79 TO 48209

Key & Start app*
FordPass Connect™ app*
FordPass Connect™ app*
FordPass Connect™ app*

Visit www.ford.com/healthylife for more information.

FORD PROTECT™

Visit on Ford Protect™. The only extended service plan fully backed by Ford and honored at every Ford dealership in the U.S., Canada and Mexico. See your Ford dealer or visit www.fordprotect.com.

Gene Latta Ford

Date: 03/03/2022

Salesperson: Travis Williams

Manager: EDWARD EMERY

FOR INTERNAL USE ONLY

BUSINESS NAME City of Hagerstown Home Phone: (301) 582-8722
CONTACT Doug Hay
Address : 1E Franklin St
HAGERSTOWN, MD 21740 Work Phone:
WASHINGTON CO
E-Mail : dhay@hagerstownpd.org Cell Phone: (301) 582-8722

VEHICLE

Stock # : P7400A New / Used : **Used** VIN : 3FA6P0G79LR121936 Mileage: 9326

Vehicle : 2020 Ford Fusion Color : ICONIC SILVER

Type : S 4dr Front-whe P0G

TRADE IN

Payoff : VIN : Mileage:

Vehicle : Color :

Type :

Market Value	Selling Price	28,900.00
Discount		6,900.00
Adjusted Price		22,000.00
Total Purchase		22,000.00
Trade Allowance		
Trade Difference		
Tax		.00
Non Tax Fees		34.00
Net Price		22,034.00
Trade Payoff		
Cash Deposit		.00
Balance		22,034.00

Customer Approval:

Management Approval:

By signing this authorization form, you certify that the above personal information is correct and accurate, and authorize the release of credit and employment information. By signing above, I provide to the dealership and its affiliates consent to communicate with me about my vehicle or any future vehicles using electronic, verbal and written communications including but not limited to eMail, text messaging, SMS, phone calls and direct mail. Terms and Conditions subject to credit approval. For Information Only. This is not an offer or contract for sale.

Used 2020 Ford Fusion S



13,844 miles



Iconic Silver Metallic Exterior



Medium Light Stone Interior

23,895
13,844 M.63



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GREAT PRICE

\$23,995

What makes this a great price?

Elder Ford of Romeo [↗](#)

KBB.com Rating ★ 4.5 (795)

(586) 935-5143

Delivery

Estimated Delivery Cost: \$1,500. Contact for details.

63300 VAN DYKE RD, WASHINGTON, MI [↗](#)
48095

Message

I'm interested in your Used 2020 Ford Fusion S listed for \$23,995.

First Name

Last Name

Email

Phone (Optional)

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☒ Yes, I would like to receive price drop alerts on this vehicle and helpful shopping information from Autotrader & its affiliates.

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Reduced Price

Used 2020 Ford Fusion S



TED BRITT 4 LIFE
LIFETIME VEHICLE COVERAGE

✓ Powertrain Coverage
✓ Battery Replacement

✓ Virginia State Inspection
✓ Complimentary Service Loaner

1/42

Viewing



The dealer is available to
answer your questions now!

13,691 miles

Let's Chat



Oxford White Exterior

\$ 23,498

13,691 M, 65



Share



Save

GREAT PRICE

\$23,498

What makes this a great price?

Explore Financing



Ted Britt Ford of Fairfax [↗](#)

KBB.com Rating ★ 4.9 (3886)

(571) 279-8755

11165 Fairfax Blvd, Fairfax, VA 22030 [↗](#)

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Last Name

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Phone (Optional)

Send Email

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