

**CITY OF WESTMINSTER, MARYLAND
MAYOR AND COMMON COUNCIL MEETING
MAY 10, 2010**

QUORUM:

A meeting of the Mayor and Common Council was held at the John Street Quarters of the Westminster Fire Engine and Hose Company, 28 John Street, Westminster, Maryland on the evening of May 10, 2010, at 7:00 P.M. Mayor Utz; Council President Halstad; Council Members Albert, Pecoraro, Chiavacci and Wack; City Administrator and Acting City Clerk Wolf, Acting City Treasurer Ehlers; Chief of Police Spaulding, Director of Public Works Glass, Director of Planning, Zoning, and Development Beyard, Director of Recreation and Parks Schroers; and City Attorney Levan were present.

Mayor Utz reviewed Rules of Order and Procedure: Decorum and Order with the public.

PUBLIC HEARING:

Mayor Utz conducted a public hearing on the FY2011 Budget. He explained to the audience how he and the Common Council arrived at the proposed \$0.19 tax increase. He stated that the General Fund is supported by property tax revenue; the Water and Sewer Funds are enterprise funds that are maintained by the users of the systems through the water/sewer billing; and, finally, the Housing Fund is completely funded through federal funds from the Department of Housing and Urban Development. He explained that the City has taken actions to help alleviate the disparity between the revenue and expenditures and to scale down the size of the government. These measures included:

- Staff layoffs, reductions and hiring freeze
- No merit or cost of living increases
- Modified employee benefit packages
- Increased employee contributions to health care plan
- Deferred Capital Improvement Projects
- Delayed purchase of cars, trucks, and other equipment
- Limited conferences, tuition assistance, and training to mandatory attendance

Mayor Utz explained that in September 2009, the State of Maryland announced that it was cutting the highway user revenue from \$747,580 to \$74,758, as well as cutting police aid from \$400,000 to \$254,826. He explained that to accommodate these budget cuts, the City had to implement the following changes to handle those losses:

- Cancelled capital expenditures of \$267,950
- Reduced departmental operating budgets as follows:

Police Department	\$25,000
Recreation Department	\$20,086
PZD	\$25,000
General Government	\$30,000
Public Works	\$25,000

Housing	\$10,000
Legal Services	\$20,000

- Diverted the contingency reserve to operating accounts - \$100,000
- Converted the Union Street property to operating accounts - \$215,000
- Revised Take Home Vehicle Policy - \$15,768
- Reduced tipping fees - \$65,000

Mayor Utz stated that on April 12, 2010, he presented a balanced budget for FY2011, in the General Fund operating budget, to the Common Council. He explained that the FY2011 budget is \$1.2M less than the FY2010.

<i>Department</i>	<i>FY2010</i>	<i>FY2011</i>
General Government	\$2,048,239	\$2,040,686
Public Safety	\$5,871,685	\$5,866,686
Public Works	\$4,371,170	\$3,586,415
Community Support	\$ 152,124	\$ 100,743
Recreation and Parks	\$1,392,905	\$1,050,352
Total Operating Expense Budget	\$13,836,123	\$12,644,882

Mayor Utz reported that there are a few increases in the operating budget, such as healthcare, pension, operating costs and one contractual position in the Technology Services will be converted into a permanent position. He explained that no merit or cost of living increases were included in the budget, as well as no vacant positions were refilled, and no reserve fund exists. He also stated that no capital projects were included, which total approximately \$3.5M for FY2011. He explained that the priority CIP projects include:

- \$1.6M for street milling and overlay for streets rated deplorable
- \$700,000 for replacement vehicles and equipment
- \$211,000 in technology improvements
- \$175,000 in repairs and renovations to City buildings
- \$855,000 in storm drain repairs and renovations

Mayor Utz stated that in addition to the \$3.5M, in the six years covered in the CIP, the need for capital improvement funds will total approximately \$17.5M and will encompass additional storm drain repairs and renovations, street lighting, repairs and replacement of public works equipment, repairs and renovations on the Longwell Building and maintenance and improvements of City owned parks.

Mayor Utz reported that in looking at the projected revenue picture for the next three years, the best case scenario is that the City's revenues remain flat, but that they are clearly not going to increase as rapidly as the expenditures will increase. He explained that he recommended to the Common Council that the City levy an additional tax of \$0.19 dedicated to the funding of critical capital projections. Mayor Utz then opened the discussion to the public.

Glenn Speicher of the Carroll County Landlords Association explained that the purpose of the association is to ensure that the landlords are treated fairly in the federal, state, and local

arenas as far as the laws are concerned. He stated that of the 150 members of the association, 89 landlords own 529 rental properties in Westminster. He stated that landlords need to make a profit to stay in business, and any increases such as taxes, utilities, and insurances are passed on to the tenants. He expressed his concern about the City's reported proposal to require that all apartment units in the City be licensed. He stated that he was not sure what the Rental Licensing program would accomplish, but the additional cost would get passed on to the tenant. He stated that if more money was pushed onto the tenants, many will not be able to make payments and will have to move out. He stated that if costs get too high, he will not be the only landlord to make the determination that they cannot stay in the rental property arena any longer. He finished by saying that landlords do not want to take advantage of the tenants. They want to make a fair profit, but have to pass additional costs along to the tenants and they are the ones who are ultimately paying the bill.

Karen Hinkhaus of 7 Bell Road stated that she has been city resident for twenty-five years. She explained that after researching, she found that the City taxes have increased \$4.5M from FY2001 to FY2009 and only 614 additional accounts have been added in that time, so the taxpayers have been carrying the burden. She explained that with the proposed tax increase, the average increase will be \$638 per property. She reported that Westminster already has the highest tax rate throughout Carroll County. She feels that when it comes to selling a home, the City will not be able to compete with the rest of the County. She feels people are not going to be able to afford living in Westminster. Ms. Hinkhaus reported that when the real estate tax is increased, the personal property tax rate will increase and under State statute, the rate has to be two and a half times the real estate tax. She feels that businesses will not be able to afford the increase and they will close; without business, the citizens are left to pay.

Nancy David of the Bella Vita Senior Condominium Community read a letter to the Mayor and Council from the Board of Directors of Bella Vita in opposition of the recommended \$0.19 tax increase. The letter stated that as senior citizens, many on fixed incomes, they cannot afford to fund the upcoming capital projects especially when they receive no increases to monthly incomes. They currently pay the City's taxes, but do not receive City services such as trash pick-up, snow removal, street maintenance, and street lighting. The community feels that, over the year, they have all learned to live within their means and make adjustments when necessary, but they questioned whether the City has looked within its means to make adjustment or do without. The letter further stated that State and County governments have experienced furloughs, layoffs, job consolidation, no pay increases, and cut backs in service and questioned whether the City was willing to do the same to cut its expenses.

Dan Hoff of 23 Park Avenue expressed that he feels the \$0.19 proposed increase is far too aggressive in today's economic climate, particularly after the increase in water and sewer rates. He stated that he is concerned about the competitiveness with other municipalities in the County. Mr. Hoff questioned what the City was going to do when all of the capital projects were completed. He declared that he works at Samuel C. Hoff Agency and manages several properties. He explained he paid \$15,000 last year in property taxes and this year, with the proposed increase, it would add an additional \$2,500. He stated that he feels the Rental Licensing program would strictly be used as a revenue source instead of a tactic for keeping the quality of the city and buildings in decent shape. Mr. Hoff recommended that the Mayor and Common Council need to take another hard look and find that the solution is to not raise taxes at all.

Joseph Weber of 471 Palatial Park Drive stated that he is a sixteen year resident of the City of Westminster. He reviewed the tax rate history of the City since 2001. He explained that in 2001, the tax rate was \$0.35 and was increased in 2005 to \$0.40. He stated that the current rate is \$0.44 was set in 2006. He explained that a \$0.04 or \$0.05 annual increase is reasonable, but the proposed \$0.19 would hit everyone hard. He explained that with living on social security, he needs to adjust his budget every year and an increase of \$500 per year is going to be a major burden. Mr. Weber requested that the Mayor and Common Council reconsider the proposed \$0.19 tax increase.

Dennis Frazier of 87 Marhill Court asked the Mayor and Common Council to make do with what the City has and not increase the property taxes. He declared that he is still coping with the 100% increase in his water and sewer bill. He stated that, like the City, he has had to deal with a decrease in revenue. Mr. Frazier explained that he has not received a pay increase in three years and his wife lost her employment, but they still have to pay for healthcare, bills and mortgages. He stated that they have had to put off their capital improvements, just as the City should. He explained that his daughter can go to college because he was able to find other revenue sources, just as the City should. He feels that the City should not come to the taxpayers and asked them for an increase; everyone has to make do with the money coming in. Mr. Frazier asked that the Mayor keep his election promises and keep the services the City provides without raising the taxes.

Josie Velasquez-Jeznach of 450 East Green Street explained that she and her husband lost their jobs at the same time and were out of work through the holidays and into the new year. She stated that no matter what your income is, the bills are still the same. She feels people will have to decide whether to pay bills or go grocery shopping. She stated that the City needs to cut the fat.

Jesse Lockard of 304 Buena Vista Drive stated that City should be decreasing the property tax, not increasing. He feels that some of the City's capital projects should be cut out completely. He explained that he is currently paying \$2,500 in property taxes on his house. He feels the property tax is out of hand.

Nita Jones of 306 Buena Vista Drive reiterated that many of the City's taxpayers are on social security and fixed incomes and do not have another means to have another income. She explained that she retired from nursing due to health issue and because she is considered as making too much money, she is unable to get assistance. Ms. Jones proposed that long time City/County residents should be eligible for a tax credit.

Justin Ready of 20 Hillside Court stated that Maryland's tax burden is one of the highest in the country and feels that that is why the State is losing residents and businesses. He explained that people are struggling to stay in their homes and are contemplating moving to Pennsylvania. He acknowledged that homes are assessed at much higher than what they are currently worth and what they can sell them for. He feels most people cannot afford higher taxes in their monthly budgets. Mr. Ready stated that he understands that the capital projects are not frivolous, but the government needs to make tough choices and live on a fixed income. He suggested that making a onetime assessment for dealing with specific projects would be a great opportunity to show Maryland how it can be done without additional tax revenues. He feels that citizens do not get the opportunity to turn down services they do not want. He feels citizens will get by if the equipment is a little older or the road stays in bad shape for a while

longer. Mr. Ready feels that the increase will eventually result in the loss of citizens, and ultimately the City's tax revenue.

Henry Sikorski of 431 Sawgrass Court took the opportunity to thank the Mayor and Common Council for their time and effort in running the City of Westminster. He stated that he understands that it's hard, but they have the job to run the town effectively and efficiently. Mr. Sikorski acknowledged that the budget of the City of Westminster is currently run on \$0.44. He explained that the constant yield tax rate, which the State produces every year, tells the City that its tax rate should be 42.7%, which means the City should reduce the tax rate in order to collect the same amount of revenue. He clarified that this would still produce an increase of revenue because it does not include new construction and the rounding effect that would give the City approximately \$250,000 extra. He told the Mayor and Common Council that he hoped the proposed increase of \$0.19 for capital improvement was not a gimmick. He explained that in 2006 there was a proposed increase in taxes of 8% or 10% and the increase ended up being 4%. He feels that property owners and taxpayers cannot afford a 44% increase in their taxes. Mr. Sikorski explained that of the 110 municipalities in Maryland, not one has even proposed a 10% increase let alone a 44%. He also stated that none of the 24 counties in the State have proposed a 44% increase.

Thomas Smith of 140 West Main Street started off by thanking Mrs. Albert for opposing the tax increase. He stated that when he moved to Westminster ten years ago, his property taxes were \$2,500 whereas now, they are \$5,000. He reported that according to the statistics provided by the State of Maryland, homes in Carroll County have lost 18-22% of their value. He feels that the City's budget does not reflect that loss. Mr. Smith stated that the Police department budget is \$5,616,686 of the City's total \$12M. He went further to say that of the \$5.6M, \$4.8M is for the department's salaries and benefits. Mr. Smith explained that for the entire Police department, which includes 14 civilian employees and 45 uniformed officers, the average cost for salaries and benefits is \$82,000. He reported that according to last year's budget, there were 45 vehicles in the department which meant there was one for each officer. Mr. Smith explained that the taxpayers pay for the expense to take vehicles home out of the city, county, and state. He recommended that the City eliminate the vehicle take home policy. He also suggested the implementing of two-man patrols which would cut the vehicle requirements in half. He quoted that there were 913 arrests last year which was a 19.4% decrease from the previous year, but the Type 1 Serious crimes were up 10%. He reported that in 2004, there were 2,496 hours of foot patrol whereas this year there is 1,819 hours. His understanding is that the reduction in foot patrol has been due to illness and injury. He expressed his concern that there are code violations that are not being taken care of, such as outdated registered vehicles, weeds, and broken windows. Mr. Smith recommended that the City tighten its belt; the taxpayer cannot afford the increase.

Lyn Mallick of 379 Winged Foot Drive stated that after trying to figure out how the budget is done, she concluded that the General budget savings of \$1,173,964 came from the deductions in the Streets and Recreation & Parks departments. She found that most of the General Government budgets increased, not decreased or stayed flat. Ms. Mallick feels that the City is saying that they are trying to save the taxpayers' money, but the budget is saying everything increased.

Daniel Strickler of 546 Roops Mill Road stated that he does not live in the City, but does pay a lot of the City's taxes due to rental properties he owns within city limits. He testified that a lot of

his tenants' payments are currently late a month or more causing his income to go down, but his costs are increasing at the same time. Mr. Strickler stated that he was informed that the Rental Licensing program was not going to be included in the budget, but it is still in there. He explained that when he has called the City to report a code violation, he is told that there is no money to enforce it.

Susan Smith of 318 Spring Avenue stated that she cannot take another hit, especially after the doubling of her water/sewer bill. She explained that she is a former real estate appraiser that is no longer in business. She was forced to take a job making a third of her previous income. She feels she will have to leave the City of Westminster because of the high cost and she has lived here her whole life.

Steve Staley of Vince's Seafood at 118 West Main Street stated that business is down 43%, water/sewer and utilities have doubled, and the business does not have trash pick-up from the City. He stated that Mr. Valianti could not attend the meeting, but sent a letter. Mayor Utz indicated that his letter was received and will be put on the record, but would not be read at the meeting.

William Ullrich of 450 Baronets Court thanked the Mayor and Common Council for giving the public the opportunity to speak. He stated that he did not have the statistics that everyone else came prepared with. Mr. Ullrich explained that if his utility and water/sewer bills go up, he can do something about them; he can be more frugal. He declared that when the taxes go up, there is nothing he can do.

Lori Graham of 118 Pennsylvania Avenue requested more information on the decrease in pay the employees received with the increase of healthcare cost. She stated that earmarking the increased taxes is the wrong way to go and it not a good long term strategy. She explained that she feels a pay structure for the Westminster Volunteer Fire Department will come into effect in the near future. Ms. Graham stated that businesses just went through a significant water/sewer increase and anticipating another increase in July. She stated that she has spoken with a lot of downtown businesses and many of them are barely making their rent. She explained that if there are no businesses downtown then there are vacancies, and if there are vacancies then there are fewer taxes all over. She recommended the Mayor and Common Council come up with a lower number or possibly no increase at all.

Stephen Broughton of 685 Windsor Drive stated that he has seen businesses leave downtown throughout the year, but it seems like they were making a comeback. He stated that the tax increase will not just hit the taxpayer, but the businesses are going to feel it, too, and he does not want to see anymore businesses leave. Mr. Broughton feels a \$0.03 to \$0.04 increase a year is reasonable. He explained that capital projects do not pop up overnight; they are expected and planned for. He recommended that the City plan and spread out the expenditures with small increases at a time. He explained that downtown is on an upswing and should be kept at an upswing.

Bob Campbell of 683 Windsor Drive stated that he has not received a pay increase since 1986. He explained that with no money left in his savings, he cannot afford an increase. He asked the Mayor and Common Council not to ruin his American Dream.

Mayor Utz thanked everyone who came to the hearing and expressing their concerns. He stated that the Common Council will be working the next couple of weeks to come to a consensus of what needs to be done. He explained that the budget he presented was based solely on what the needs of the capital projects that were presented as critical. He stated that the official record will close Friday, May 14th at the end of the business day and will be on file at the City Clerk's office. Mayor Utz closed the public hearing at 8:12 pm.

REPORT FROM THE MAYOR:

Mayor Utz reported that he attended the Flower and Jazz Festival on May 8th. He publicly thanked the Police department and Corporal Darby for their assistance in finding his grandson at the event. He also reported that he attended an Eagle Scout Ceremony for Matthew Gentzel. He stated that the event was nicely done with much recognition.

REPORTS FROM STANDING COMMITTEES:

Mr. Pecoraro stated the he also attended the Flower and Jazz Festival. He thanked the staff and volunteers for a job well done and stated that the event makes a huge difference to the quality of life in Westminster.

Dr. Wack reported that he had a good time while attending the Flower and Jazz Festival and purchased some great plants.

President Halstad reported that he, too, attended the Flower and Jazz Festival. He stated that he had a great time and despite the wind, his children loved it too. He stated that it is a signature event in Westminster and thanked the Recreation and Parks Department.

NEW BUSINESS:

Ms. Levan summarized the proposed settlement agreement of the litigation between the City of Westminster and Mirabile Construction Company in connection with the construction of the Wakefield Valley Community Trail. She informed the Mayor and Common Council that this was not litigation in which Funk and Bolton had been involved with representing the City. She stated that of the contemplated \$94,768.16 settlement, \$44,768.16 was unquestionably owed to Mirabile. These are withholdings, under the contract, that had not been released because of the dispute. She explained that the City's offer to settle the matter consists of paying an additional \$50,000. Ms. Levan recommended that the Council approve the settlement agreement with Mirabile Construction Company. Mr. Chiavacci motioned to approve the settlement. Mrs. Albert seconded the motion and it passed unanimously.

DEPARTMENT REPORTS:

Mr. Beyard reported that Planning has seen, so far this year, over double the amount of new residential permits from last year. He stated that they could end up with three times as many. He also reported that they have in a lot of commercial permits, too, as seen from the benefit assessment fees coming in.

Mr. Schroers recognized Jennifer Mellor, Senior Program Director for organizing, running, chairing the Flower and Jazz Festival. He thanked the Street department for the event set-up

and break-down, and the Police department for their support throughout the day and traffic control in the morning so that set-up could begin. He reported that there were record crowds and that vendor spaces were sold out. Mr. Schroers announced the Mother-Son Date Night at Martin's Westminster on Wednesday, May 12th. Finally, he announced that the ribbon cutting for the new David S. Babylon building will be held on Thursday, May 20th.

President and C.E.O. of the Westminster Fire and Hose Company No. 1 Bob Cumberland reported that for the month of April, they received 101 fire calls, 54 within the City, and 390 EMS calls. He stated that the year-to-date totals for 2010 are higher than 2009 with 51 more fire calls and 146 more EMS calls.

CITIZEN COMMENTS:

Lyndi McNulty of 195 West Main Street spoke of the great time she had at the Flower and Jazz Festival and that she met a lot of new people. She stated that she had never seen so many people on Main Street.

Josie Velasquez-Jeznach of 450 East Green Street complimented the Mayor and Common Council on the job they are doing. She stated that she loves Westminster and would like it to stay affordable.

Dan Hoff of 23 Park Avenue stated that the Flower and Jazz Festival was a great success and came off very nicely. He thanked Mr. Schroers and his staff for a wonderful job. He thanked the Mayor and Common Council for the nice things that the City does for the community.

ADJOURN:

Council President Halstad adjourned the meeting at 9:44 PM.

Respectfully Submitted,

Elizabeth L. Fahey