AGENDA

CITY OF WESTMINSTER
Mayor and Common Council Special Meeting
Thursday, April 30, 2020 at 7 pm
https://www.facebook.com/westminstermd/

1. CALL TO ORDER

2. PUBLIC HEARING

A) Ordinance No. 922 – An Ordinance of the Mayor and Common Council of Westminster, Maryland Approving and Adopting a Budget for the Fiscal Year Beginning July 1, 2020 and ending June 30, 2021 – Ms. Palmer

3. REPORT FROM THE MAYOR

4. COUNCIL COMMENTS AND DISCUSSION

5. UNFINISHED BUSINESS

6. NEW BUSINESS

A) Work Session # 1 regarding FY 2021 Budget Proposal – Ms. Matthews

7. ADJOURNMENT

To: Mayor and Common Council

From: Barbara B. Matthews, City Administrator

Date: April 28, 2020

Re: Public Hearing – Proposed FY 2021 Budget

Background

The City's new fiscal year will commence on July 1, 2020. In accordance with Article II of the Charter of the City of Westminster and in consultation with the Mayor and members of the Common Council's Finance Committee, the City Administrator prepared a proposed budget for the Common Council's consideration. She presented the proposed fiscal year (FY) 2021 budget at the Mayor and Common Council meeting on April 27, 2020.

On April 27, 2020, the Common Council introduced Ordinance No. 922, adopting the FY 2021 budget.

The April 30, 2020 public hearing provides Westminster residents and other interested parties with the opportunity to offer their thoughts and opinions as the Mayor and Common Council continues its deliberations regarding the budget proposal.

A second public hearing on the proposed FY 2021 budget will be held on May 4, 2020 at 5:30 p.m. The Common Council is scheduled to adopt Ordinance No. 922 on May 11, 2020.

Recommendation

Staff recommends that the Mayor and Common Council hold the public hearing to receive community input on the proposed FY 2021 budget.

Attachments

- Ordinance No. 922, adopting the FY 2021 budget
- City Administrator's Budget Transmittal Message to the Mayor and Common Council
- Proposed Capital Improvement Program FY 2021 – FY 2026
- Individual Capital Improvement Project Descriptions for FY 2021 Funded Projects
- FY 2021 Overlay Information
- City Administrator's April 27, 2020 Presentation of FY 2021 Budget Proposal

cc: Tammy Palmer, Director of Finance and Administrative Services

Sponsored By: Joe Dominick, Mayor
Gregory Pecoraro, Council President

ORDINANCE NO. 922
OF THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, MARYLAND
APPROVING AND ADOPTING A BUDGET FOR THE
FISCAL YEAR BEGINNING JULY 1, 2020 AND
ENDING JUNE 30, 2021

WHEREAS, in accordance with the requirements of Md. Code Ann., Title 5 of the Local Government Article, and Section 41 of the Charter of the City of Westminster and Chapter 20 of the Code of the City of Westminster, the Mayor and Common Council are required to adopt an budget ordinance to appropriate funds for the several programs and purposes for which the City of Westminster must provide in the fiscal year beginning July 1, 2020 and ending June 30, 2021 ("Fiscal Year 2021") and to set the property tax rates for Fiscal Year 2021; and,

WHEREAS, the Mayor, as required by the City Charter, on or before June 15, 2020, prepared and presented to the Common Council a proposed budget outlining the anticipated expenditures and transfers for Fiscal Year 2021, and including the estimated revenues and other financing sources required and establishes the proposed tax rate for all real property taxes, personal property taxes, and public utility taxes; and,

WHEREAS, the Common Council held a public hearing with respect to the Constant Yield Tax Rate and the proposed budget on April 27, 2020, after appropriate notice thereof in a newspaper having general circulation in Westminster.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Common Council of the City of Westminster that:

Section 1: From and out of the monies and balances known to be in the General Fund, Capital Projects Fund, Water Fund, Sewer Fund, Fiber Fund, and Public Housing Fund of the City of Westminster, Maryland, and from all monies anticipated to come into all funds during the twelve (12) month period ending June 30, 2021, there shall be, and hereby are, appropriated the

following sums for use by the departments and offices of the City, and for the objects and purposes for which the City must provide during Fiscal Year 2021.

GENERAL FUND REVENUES

Taxes	$11,222,367
Licenses and Permits	570,600
Intergovernmental	4,203,868
Charges for Services	1,057,212
Fines & Forfeitures	46,000
Miscellaneous Income	111,526
Interest Income	38,000
Transfers	(2,178,304)
Other Financing Revenue/Reserves	2,020,512

GENERAL FUND APPROPRIATIONS BY ACTIVITY

Executive & Legislative	$ 691,173
Finance	188,941
Human Resources	142,507
Planning, Zoning & Development	494,800
Housing Services	106,177
Public Safety Department	7,277,106
Facilities	242,985
Public Works	3,375,770
Technology	331,672
Public Housing	2,680,780
Recreation & Parks	1,559,868
Total General Fund Revenues	$17,091,781
Total General Fund Appropriations	$17,091,781
Difference	$ 0

CAPITAL PROJECTS FUND REVENUES

Taxes	$ 2,284,600
Intergovernmental	1,017,435
Charges for Services	306,880
Transfers	1,975,269
Other Financing Sources	3,665,026

CAPITAL PROJECTS FUND APPROPRIATIONS BY ACTIVITY

Planning, Zoning & Development	$ 25,000

Public Safety Department	253,418
Facilities	5,400,029
Public Works	3,547,430
Technology	8,333
Recreation & Parks	15,000
Total Capital Fund Revenues	$ 9,249,210
Total Capital Fund Appropriations	$ 9,249,210
Difference	$ 0

WATER FUND REVENUES

Charges for Services	$5,213,200
Rental Revenue	262,227
Miscellaneous Revenue	1,000
Interest Revenue	20,000
Benefit Assessment Fees/Capital Contributions	368,201
Other Financing-Reserves	302,209

WATER FUND APPROPRIATIONS BY ACTIVITY

Executive & Legislative	$ 308,199
Finance	278,576
Human Resources	170,709
Planning, Zoning & Development	119,352
Facilities	53,945
Public Works	239,615
Technology	486,733
Utilities	837,769
Water	3,671,939
Total Water Fund Revenues	$ 6,166,837
Total Water Fund Appropriations	$ 6,166,837
Difference	$ 0

SEWER FUND REVENUES

Charges for Services	$ 6,699,700
Other Revenue	10,000

Interest Revenue	40,000
Benefit Assessment Fee/Capital Contributions	24,577,607
Other Financing-Reserves	269,970

SEWER FUND APPROPRIATIONS BY ACTIVITY

Executive & Legislative	$ 304,273
Finance	278,576
Human Resources	170,096
Planning, Zoning & Development	119,353
Facilities	53,945
Public Works	239,668
Technology	486,733
Utilities	868,673
Wastewater	29,075,961
Total Sewer Fund Revenues	$31,597,277
Total Sewer Fund Appropriations	$31,597,277
Difference	$ 0

FIBER INFRASTRUCTURE FUND REVENUES

Charges for Services	$ 724,932
Other Revenue	1,000
Interest	2,000
Transfers	203,035
Other Financing	503,215

FIBER INFRASTRUCTURE FUND EXPENDITURES

Finance	$ 3,950
Public Works	70,143
Technology	42,297
Utility Maintenance	101,525
Fiber	1,216,266
Total Fiber Fund Revenues	$1,434,182
Total Fiber Fund Expenditures	$1,434,182
Difference	$ 0

Section 2: The Tax Levy for all real property within the City's corporate limits for the tax year beginning July 1, 2020 and ending June 30, 2021 shall be Fifty-Six Cents ($0.56) on every

One Hundred Dollars ($100.00) of assessed value. The Tax Levy for all personal property within the City's corporate limits shall be One Dollar and Ten Cents ($1.10) on every One Hundred Dollars ($100.00) of assessed value. The Tax Levy on all public utility operating property within the City's corporate limits shall be One Dollar and Forty Cents ($1.40) for every One Hundred Dollars ($100.00) of assessed value. The aforementioned Tax Levy rates are inclusive of the special tax levied for the purposes of paying for the light and water used by The Mayor and Common Council of Westminster, as authorized and directed by Section 31 of the Charter of the City of Westminster.

Section 3. The taxes levied for the aforesaid respective purposes for the tax year beginning July 1, 2020 and ending June 30, 2021 shall be due and payable July 1, 2020 and shall be subject to interest beginning October 1, 2020 at the rate of 2/3 of 1 per centum for each month or fraction thereof until paid, and additionally, a 1/2 of 1 per centum penalty assessment for each month or fraction thereof until paid, provided that taxes paid by owner-occupants of residential property shall be due and payable as provided in § 10-204.3 of the Tax-Property Article of the Annotated Code of Maryland and § 143-3 of the City Code which authorize semiannual and annual payments of taxes. Additionally, taxes paid by owner-occupants of residential property on a semiannual basis as provided in § 10-204.3 of the Tax Property Article of the Annotated Code of Maryland and § 143-3 of the City Code shall be subject to a service charge in an amount equal to the service charge adopted by the Board of County Commissioners of Carroll County as to its County property taxes, which charge may include an administrative fee as permitted by law.

Section 4: That should any section of this Ordinance be determined to be invalid, such invalidity shall not affect any other sections.

Section 5: Any transfer of funds between appropriations must be approved by the Common Council in the form of an ordinance by a vote of at least 2/3 of the members of the Common Council.

Section 6: The City Administrator is hereby directed to transfer to the Capital Projects Fund any proceeds received from property tax revenues attributable to the levy of taxes at a rate by which the current property tax rate exceeds the property tax rate established in the FY 2011 budget, provided that any expenditure of the funds so appropriated shall be subject to the approval of the Common Council.

Section 7: BE IT FURTHER ORDAINED that this ordinance shall become effective ten days after its enactment by the Common Council of the City of Westminster, Maryland.

INTRODUCED this 27th day of April, 2020

_____
Shannon Visocsky, City Clerk

ADOPTED this 11th day of May, 2020

_____
Shannon Visocsky, City Clerk

APPROVED this _____day of May, 2020

_____
Joe Dominick, Mayor

APPROVED AS TO FORM AND SUFFICIENCY this _____day of May, 2020

_____
Elissa D. Levan, City Attorney

April 27, 2020

Honorable Mayor, Council President, and Members of the Common Council
City of Westminster, Maryland

I am pleased to present for your review and consideration the proposed Fiscal Year (FY) 2021 operating budget and Capital Improvements Program for the City of Westminster. The City's annual budget determines the manner in which services will be delivered to the community during the coming year, and its adoption is the most important action that the Mayor and Common Council take each year.

The FY 2021 budget, all funds, totals $65.54 million – a decrease of about six percent over last year's total budget, as amended. General Fund expenditures will decrease by 3% primarily due to reduced grant-funded projects and savings from a new electricity contract. Capital Projects Fund expenditures will be 5.5% lower than the prior year, attributable in part to the 45 West Main Renovation Project and land acquisition in the prior year (the former Stocksdale Auto property). Sewer Fund expenditures will decrease 9% due to lower capital costs. Water Fund expenditures will be 2% less than the prior year, also due to reduced capital costs. Fiber Fund expenditures will increase 2% as a result of higher personnel costs.

For the eighth year in a row, the real property tax rate of $0.56 per $100 of assessed valuation will be held constant. Personal property tax rates will also remain unchanged for FY 2021.

Several factors had a significant impact in the crafting of the proposed budget, as described below.

- While the real property tax rate will remain unchanged, the City will realize an increase in real property tax revenue due to higher property values. This increased revenue will impact the General Fund and the Capital Projects Fund.

- The economic downturn resulting from the COVID-19 pandemic is expected to cause a decrease in other General Fund revenue sources, including income tax receipts, business personal property taxes, and admission and amusements fees.

- In FY 2018, the City undertook a Compensation and Classification Study to ensure the City's ability to attract and retain a quality workforce; it had been 12 years since the City last completed such an assessment. The Study involved an assessment of the City's salary and benefit structure and resulted in the adoption of a new salary structure as of July 1, 2018. The Study results are being implemented in three phases. In Phase 1 (FY 2019), the salaries of approximately 90 employees were increased to align with the new minimum of the applicable salary range. In Phase 2 (FY 2020), efforts were made to address salary compression issues created by the new, market-competitive starting salaries and the City's inability to fund salary increases in the late 2000s. The FY 2021 budget proposal includes funding for Phase 3 of the Study implementation process, as well as a 2% across-the-board wage adjustment for all benefited staff.

- The FY 2021 budget proposal includes an increase of four full-time equivalent positions. As previously authorized by the Mayor and Common Council, the Director of Finance and Administrative Services will transition to the new role of Special Projects Manager in the City Administrator's Office in the new fiscal year; the cost of this position will be split between the General Fund, Water Fund, and Sewer Fund. The General Fund also provides funding for an Equipment Operator position in the Street Department. The Water Fund budget incorporates the cost of a second Mechanic's position. The cost of a new Equipment Operator position for the Utilities Maintenance Department will be split between the Water, Sewer, and Fiber Funds (43/43/14).

- The Westminster Family Fitness Center is budgeted to have an operating deficit of approximately $209,000. Expenditures exceeded revenues by an even higher margin each year from FY 2014 – FY 2019.

- The City will realize a considerable savings in electrical costs in the General Fund, Water Fund, and Sewer Fund due to a new contractual arrangement put in place in FY 2020.

- In May 2018, the Common Council approved a new, multi-year rate structure for water and sewer services. Water rates will go up 3.5% while sewer rates will increase by 5% in FY 2021.

- Near the end of FY 2019, the City completed construction of the Westminster Fiber Network and transitioned the construction loan to a permanent loan in the amount of $16.2 million with the Maryland Community Development Administration. FY 2021 Fiber Fund revenues will be insufficient to cover this debt service. The General Fund is budgeted to make a transfer of $203,035 to the Fiber Fund to cover the shortfall.

The proposed FY 2021 budget will advance the objectives of the City's Strategic Plan, adopted initially by the Mayor and Common Council in February 2018 and updated in November 2019. The Plan's priority initiatives are framed within Critical Success Factors that embody the Mayor and Common Council's long-term vision for the Westminster community. Those Critical Success Factors are Strong Partnerships and an Engaged Community; Water and Sewer Capacity for Future Generations; Economic Activity and Growth; Responsible Stewardship of City Resources; and, A Safe and Livable Community. Below I've highlighted some of the initiatives that will be undertaken in FY 2021, and the associated Critical Success Factor to which they pertain:

- Water and Sewer Capacity for Future Generations: Sewer Fund expenditures include funding to address inflow and infiltration into the City's sewer system.

- Water and Sewer Capacity for Future Generations: The budget proposal includes an allocation in the Water Fund for continued advancement of the City's water re-use initiative.

- Economic Activity and Growth: The General Fund provides funding for continued contractual work by Partners for Economic Solutions, the firm retained by the City to provide technical assistance for the redevelopment of the former Stocksdale Property, located at 17-25 West Main.

- Economic Activity and Growth: An allocation is provided in the General Fund budget to retain a consultant to assist City staff with modernizing and streamlining the City's Zoning Code.

- Responsible Stewardship of City Resources: As noted earlier in this transmittal message, funding is provided for the Phase 3 implementation of the Compensation and Classification Study results.

- Responsible Stewardship of City Resources: The proposed Capital Improvement Program for FY 2021 ensures the appropriate maintenance of the City's existing infrastructure (roads, buildings, technology, and fleet).
- Responsible Stewardship of City Resources: A combination of grant and City funds will fund the development of a master plan for the City-owned Wakefield Valley property.

It should be noted that certain Strategic Plan objectives do not require a specific budgetary allocation, as their advancement is tied to utilization of existing staffing resources. This is particularly true for priority projects associated with two Critical Success Factors – Strong Partnerships and an Engaged Community, as well as A Safe and Livable Community.

The preparation of the budget is a significant undertaking by the City's Management Team and other staff members, and I offer my sincere thanks to all who played a role in its development. I would like to particularly acknowledge the contribution of Director of Finance and Administrative Services Tammy Palmer, whose assistance was invaluable. Director of Human Resources Darlene Childs also played an instrumental role in finalizing the Phase 3 implementation plan for the Compensation and Classification Study.

I also wish to express my gratitude to Mayor Dominick and the members of the Common Council's Finance Committee (Council President Pecoraro and Councilmember Yingling). They devoted considerable time to working with Ms. Palmer and myself to craft the FY 2021 budget proposal, and their guidance and direction were instrumental in the budget's development.

The staff and I look forward to working with the Mayor and Common Council to finalize a budget for FY 2021 that enhances the quality of life in the Westminster community and continues to advance the objectives of the City's Strategic Plan.

Respectfully,

Barbara B. Matthews
City Administrator

PROPOSED FY 2021 BUDGET HIGHLIGHTS

Economic Climate

The City's budget is impacted by the national economic climate, as well as the state and local economy. The proposed FY 2021 budget is being presented at a time of great economic uncertainty due to the COVID-19 pandemic. As of the date of this transmittal message, many businesses in Maryland are closed or in limited operation as a result of Executive Orders issued by Governor Hogan. Across the nation and in Maryland, unemployment claims have skyrocketed.

In response to the COVID-10 pandemic, the City modified staff work schedules and moved as many employees as possible to remote work. All City festivals scheduled for the March – May time period, which draw thousands of visitors to Downtown Westminster, were cancelled. The Westminster Family Fitness Center was closed in mid-March and remains so; non-benefited staff associated with the Center's operation were furloughed in early April.

On April 24, 2020, the Governor outlined his three-tiered plan to begin lifting COVID-19 restrictions and restart the State's economy. Implementation of the plan is tied to a number of factors, such as the coronavirus being under control, the leveling or reduction in hospitalizations, and public health system capacity. The reopening of businesses and resumption of other activities will take into account the extent to which physical distancing requirements can be accommodated.

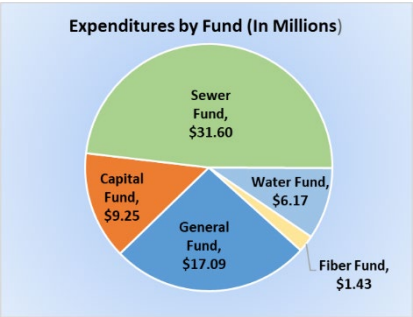
The long-term economic impacts of the COVID-19 pandemic are unknown. In the years preceding the pandemic, the City had experienced an uptick in economic development activities. Contributing factors included a new water source (the Gesell Well), the adoption of a new Water and Sewer Allocation Policy in 2018, and improved market conditions. As of the date of this transmittal message, the City had issued 38 permits for construction of single-family homes in FY 2020, and there remains considerable interest in constructing new multi-family/apartment buildings in Westminster. A number of commercial projects, including a new retail shopping center at the intersection of Maryland 140 and Malcolm Drive, are proceeding through the City's development review process.

Due to the current state of the economy, staff has scaled back projected revenues in several categories. The FY 2021 budget proposal anticipates a decline of approximately 20% in income tax receipts based on current unemployment figures. Other revenue categories expected to decline are business personal property taxes, amusement and admission taxes, and trader's license fees. Additionally, the City will see a significant decline in investment income as a result of low interest rates.

The proposed budget anticipates that the City's special events resume in FY 2021. It also contemplates the re-opening of the Westminster Family Fitness Center by July 1, 2020, and that the City will be in a position to operate its summer camp and municipal pool in FY 2021.

FY 2021 Budget Overview

The proposed FY 2021 budget accounts for the City's financial activities through five primary funds, or fiscal entities – the General Fund, the Water Fund, the Sewer Fund, the Fiber Fund, and the Capital Projects Fund. Combined revenues for all funds total approximately $62.2million. Combined expenditures for all funds for FY 2021 equal about $65.5 million. The variance is comprised of allocations from reserves and transfers between funds. The adjacent graph breaks down FY 2021 expenditures by fund.



The General Fund accounts for the day-to-day operational activities of the City, such as planning, police protection, snow removal, and general administration. Approximately 26 percent of the City's proposed spending in FY 2021 is accounted for in the General Fund.

Other major funds include the City's enterprise funds: Water, Sewer, and Fiber. These enterprise funds operate and account for their transactions in a manner similar to private businesses. By policy, they are to be self-supporting, with their fees and charges covering operating costs, capital projects, and debt service costs. Utility rates and other user fees charged to Westminster households and businesses and those outside the City limits support the Water Fund and the Sewer Fund. The Fiber Fund is currently supported by payments from the City's fiber network operator (Ting), the drawdown of State loan proceeds, and an operating transfer/loan from the General Fund.

The Capital Projects Fund accounts for the City's non-enterprise capital expenditures. Recommended FY 2021 projects include street improvements, acquisition of vehicles, storm drain repairs, and sidewalk retrofit work to ADA standards. Funding is also provided for repairs and enhancements to City-owned facilities, including the 45 West Main Renovation Project and repairs to the two parking garages.

Property Assessments and Tax Revenue

Real property in Maryland is assessed on a triennial basis. All real property in Westminster was reassessed during FY 2018. For homeowners in the City, any increase in assessed value is phased in equally over a three-year period, and the resulting increase in the real property tax bill is capped at seven percent. Any decrease is fully factored into the first full levy year after the assessment.

FY 2021 marks the third year of the three-year assessment phase-in period. According to the Maryland Department of Assessments and Taxation, the City's assessable real property base (net) for FY 2021 is estimated to increase by approximately $58.8 million, or 3.2 % from the prior year. This increase is a result of higher assessments from the January 2018 reassessment cycle and new properties being added to the tax roll.

As noted earlier in this transmittal message, the proposed budget for FY 2021 is predicated on the continuation of the $0.56 real property tax rate. Of this rate, $0.44 is allocated for the City's general operations and $0.12 is earmarked for the Capital Projects Fund. At the $0.56 rate, real property tax revenues will increase by about $399,653 compared to FY 2020 budgeted revenues. The FY 2021 Constant Yield Tax Rate is $0.5425 per $100 of assessed valuation.

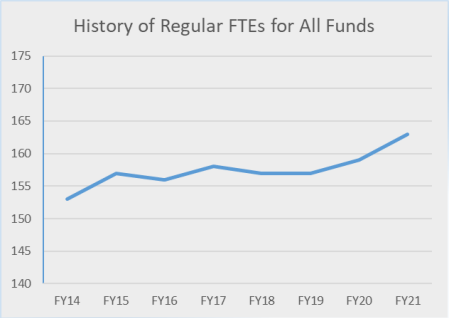
Staffing and Personnel Costs

The recruitment and retention of quality staff is critical to the City's ability to provide a high level of service to its customers. The budget contemplates a 2% across-the board of wage adjustment for all benefited City staff, at an approximate cost of $160,000 (all funds). An estimated 79 employees will receive an additional adjustment as part of the Phase 3 implementation of the Compensation and Classification Study; the associated cost is about $78,000 (all funds).

Employee health insurance costs will increase by 9.9% in FY 2021. Contribution rates to the Maryland State Retirement and Pension Rates will also increase – from 32.22% to 34.93% for the Law Enforcement Officers' Pension System (LEOPS) and from 9.38% to 10.24% for eligible non-sworn personnel.

In FY 2020, the Mayor and Common Council authorized the Police Department to over-hire due to anticipated retirements, and added a temporary 45th sworn police officer slot. The FY 2021 budget continues funding for this

position, based on the premise that the 45th position becomes part of the City's ongoing compliment of its sworn staffing in the Police Department.

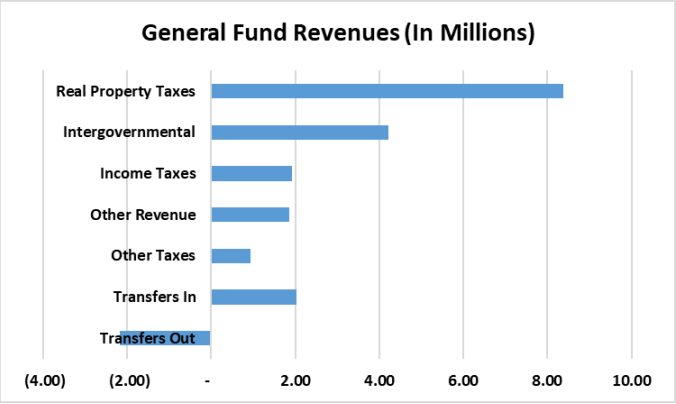


The adjacent chart provides historical information on City staffing. As noted earlier in this transmittal message, the number of full-time equivalent (FTE) positions is proposed to increase by four positions in FY 2021. The newly established Special Projects Coordinator position in City Administrator's Office will provide much needed assistance to advance the objectives of the Strategic Plan. The additional Equipment Operator in the Street Department will compensate for the additional workload resulting from the Stonegate and Bolton Hill residential development, as well as the City's special events. The addition of a second shift Water Mechanic will facilitate repairs and preventative maintenance that cannot be accomplished with the existing single mechanic's position, as well as reduce after-hour, overtime callouts. The proposed addition of an Equipment Operator in the Utility Maintenance Department recognizes the operational impact of maintenance and installation responsibilities associated with the Westminster Fiber Network; it will also allow more resources to be devoted to regular and preventive maintenance tasks, such as televising and routine cleaning of the sewer collection system and leak detection in the water distribution system.

In March 2019, the Legislature overrode the Governor's veto of the Fight for $15 bill. The State minimum wage will be steadily increased until it reaches $15.00 per hour as of January 1, 2025. The impact of the increased minimum wage is reflected in the Recreation and Parks operating budget for FY 2021. Long-term, the State minimum wage increase will likely create upwards pressure on the City's salary structure for its benefited employees.

General Fund Revenues

The General Fund supports many of the City's core services and administrative functions. Fund revenues for FY 2021 are projected to total $17.1 million – a decrease of less than 1% compared to the prior year budget. The graph below reflects fund revenues by source.



The single largest General Fund revenue source is real property tax revenue, representing 49 percent of fund revenues in FY 2021. As mentioned earlier, the real property tax rate is proposed to remain the same. This revenue source is expected to generate approximately $8.4 million in the General Fund.

Income tax receipts account for about 11 percent of General Fund operating revenues in FY 2021. This revenue source, budgeted at $1.9 million, is the City's share of income taxes received by the State of Maryland for returns filed from Westminster. Income tax receipts are projected to decrease by approximately 20% due to the economic downturn resulting from the Covid-19 pandemic.

Other significant operating revenues that support General Fund expenditures include personal property tax revenues, monies received from Carroll County under the County/Town agreement, and charges for services.

Charges for services include revenues generated from Westminster Family Fitness Center memberships and other Recreation and Parks programming. As mentioned earlier, the Fitness Center has been operating at a deficit for at least the past six years; the projected operating deficit for FY 2021 is approximately $209,000. It should be noted that the Recreation and Parks Director has taken measures over the past year to reduce operational costs, including the elimination of a benefited position upon the incumbent's retirement in the fall of 2019. While there are cost advantages to utilizing multiple non-benefited staff members, it is also managerially cumbersome, both from a scheduling standpoint and staff turnover. Additionally, there are practical limitations to raising membership rates due to market competition and price sensitivity. The financial status of the Fitness Center will be one of the topics discussed during the Mayor and Common Council's budget work sessions.

General Fund Expenditures

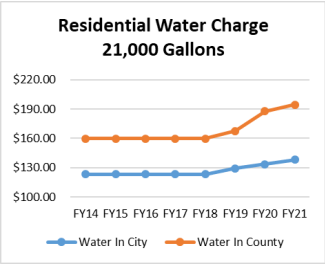
Personnel costs are the major cost driver for the General Fund, accounting for 48 percent of fund expenditures. The proposed budget for FY 2021 reflects a slight increase in budgeted FTEs in the General Fund. The full cost of an additional Equipment Operator position in the Street Department is reflected in General Fund expenditures, as well as one-third of the cost of the full-time Special Projects Manager position in the City Administrator's Office.

The budget proposal for the General Fund reflects the continuation of the City's current complement of services. Funding is included in the Community Planning and Development budget for an update of the City's Zoning Code and technical assistance associated with the redevelopment of the former Stocksdale Property.

The proposed FY 2021 budget also provides for continued financial support to the Westminster Volunteer Fire Department ($250,000) and the Westminster Municipal Band ($5,000).

Water Fund

The Water Fund is used to account for all financial activity associated with the production, treatment, and distribution of potable water. The City provides service to locations in Westminster and outside the City limits.



The adjacent chart shows the history of the City's residential water charges within the Westminster corporate boundaries and outside the City limits. In FY 2018, the City completed a rate study. The Mayor and Common Council adopted new water rates for FY 2019 through FY 2023 in conjunction with the adoption of the FY 2019 budget. Water rates will increase by 3.5% in FY 2021.

Water Fund revenues are projected to total about $5.86 million in FY 2021. Staff has noted reduced consumption by larger users in recent years, which may necessitate a re-evaluation of the existing rate restructure.

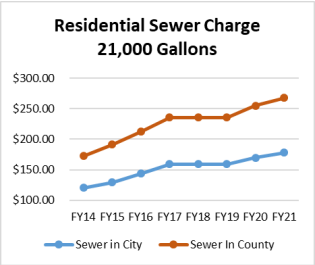
FY 2021 Water Fund expenditures total approximately $6.17 million. Funding in the amount of $250,000 is provided for the City's water re-use initiative, one of the priorities included in the City's Strategic Plan. Other Water Fund expenditures include $325,000 for a water main replacement on Route 27, $100,000 for GIS engineering and layers, and $50,000 for a gate bolt replacement program.

Sewer Fund

The Sewer Fund accounts for the financial activity associated with the collection and delivery of sewage for treatment and disposal. Charges are based on water consumption.

The results of the rate study completed in FY 2018 were adopted in May 2018, with rates established for FY 2019 through FY 2023. Sewer rates will increase by 5% in FY 2021.

Sewer Fund revenues are projected to total about $31.33 million in FY 2021. The chart to the right shows the history of residential sewer rates within the corporate boundaries of Westminster and outside the City limits.



Fund expenditures will total approximately $31.6 million. The single largest cost in FY 2021 is associated with the ENR/ Biosolids Project at the City's Wastewater Treatment Plant, budgeted at $24.1 million. Of this amount, $1.7 million represents the cost of an upgrade of the County's septage facility, which is 100% funded by the County. Substantial completion of the project, which got underway in FY 2019, is expected to take at least 42 months.

To advance the Strategic Plan objective of ensuring water and sewer capacity for future generations, the FY 2021 budget proposal includes $1.6 million as part of the City's continuing effort to address inflow and infiltration into the sewer system. Minimizing inflow and infiltration will restore sewer treatment capacity, which is critical to Westminster's continued economic growth.

Fiber Fund

The Fiber Fund accounts for the financial activity associated with the City's construction of a community-wide gigabit fiber network. Fund revenues are projected to total about $1.4 million in FY 2021. Contractually-based payments from Ting, the network operator, account for $724,932 of this amount. The City will draw down $503,215 in proceeds from a State-provided loan for network operating costs. The City will also receive a payment in the amount of $924 for fiber it leases to Carroll Lutheran Village.

FY 2021 revenues will be insufficient to cover debt service costs; State loan proceeds cannot be used for debt service. Therefore, a transfer in the amount of $203,035 will be made from the General Fund to the Fiber Fund in FY 2021 to make up the shortfall.

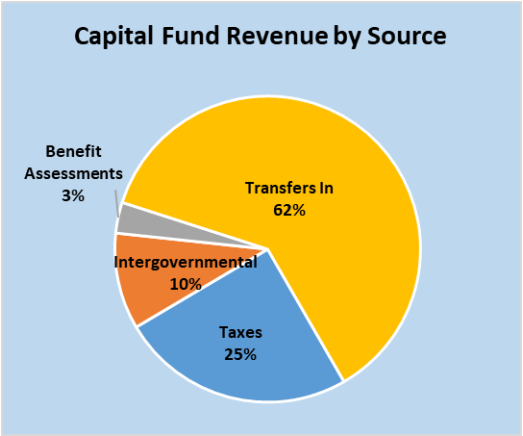
Fiber Fund expenditures are estimated to total approximately $1.4 million in FY 2021. Debt service accounts for $927,967 of this amount. Other expenses relate to the operation and maintenance of the Westminster Fiber Network.

A grant in the amount of $80,000 to the Mid-Atlantic Gigabit Innovation Collaboratory (MAGIC) is also included in the FY 2021 budget proposal. As of June 30, 2020, City-provided grant funding to MAGIC will total $240,000; this amount does not include prior support provided via a contractual payment made to an individual serving as MAGIC's executive director.

The financial status of the Fiber Fund will be one of the topics discussed during the Mayor and Common Council's budget work sessions. The Mayor and members of the Common Council's Finance Committee have also expressed a desire to discuss future funding to MAGIC beyond FY 2021.

Capital Projects Fund

The Capital Projects Fund accounts for financial activity for capital projects that are not associated with one of the City's enterprise funds. Projects include the street overlay program, acquisition of vehicles and equipment, and repairs and enhancements to City-owned facilities.



The Capital Projects Fund's share of real property tax revenue is projected to total $2.3 million in FY 2021. Highway User Revenue (HUR) is budgeted at approximately $811,950 while benefit assessments are anticipated to generate $306,880. Fund revenues for FY 2021 also include a Land Water and Conservation Fund grant from the Maryland Department of Natural Resources and Program Open Space monies.

An allocation of about $709,526 will be made from the Capital Projects Fund reserve. This amount is comprised of re-appropriated monies for projects not completed in FY 2020 and the use of accumulated benefit assessment funds for the acquisition of equipment to be used in new developments. Re-appropriated FY 2020 funding will be used for curb replacements, storm drain work, parking garage improvements, and a retaining wall replacement.

The budget proposal assumes a transfer of $1.98 million from the General Fund to the Capital Projects Fund. The vast majority of this amount is attributable to the ongoing construction of the 45 West Main Street Renovation Project. The balance represents the appropriation of federal forfeiture funds for the installation of cameras in select downtown areas ($70,000) and purchase of a license plate reader ($16,740).

Capital Projects Fund expenditures are budgeted at approximately $9.25 million. As in prior years, submitted departmental requests initially exceeded available funding. Several steps were taken to bring the budget into alignment, including:

- Scaling back the annual paving project to align with projected HUR;
- Allocation of forfeiture funds for certain public safety projects;
- Appropriation of previously collected benefit assessment fees for the purchase of eligible equipment;
- Deferral of certain projects; and,
- Assumed bonding for any desired pool improvements.

The extent of any improvements to the Westminster Municipal Pool, and a funding mechanism for the debt service payments associated with bonding, will be discussed during the Mayor and Common Council's budget work sessions.

Highlighted below are some of the more significant FY 2021 projects:

- $2.96 million for costs associated with renovation of the City Pool
- $1.89 million for costs associated with the 45 West Main Renovation Project, including architectural and engineering services and construction activities;
- $0.81 million for street paving;

- $0.76 million for debt service associated with the 2005, 2009, and 2017 bond issues;
- $0.56 million for storm drain system repairs; and,
- $0.45 million for the purchase of Street Department vehicles.

These projects will advance the City's strategic planning objective of being a responsible steward of resources through appropriate investment in its physical infrastructure. Determining the future use of the Wakefield Valley property is also a priority of the City's Strategic Plan.

Capital Improvement Program FY 2021 to FY 2026
General Fund

	2021	2022	2023	2024	2025	2026	Total
Planning & Community Dev							
Parking Study, including Meter System	25,000	165,000	0	0	0	0	190,000
Public Safety							
Vehicles - Police	166,678	167,000	167,000	167,000	164,000	164,000	995,678
Downtown Camera System	70,000	0	0	0	0	0	70,000
License Plate Reader	16,740	0	0	0	0	0	16,740
Facilities							
Longwell Building Upgrades	100,000	0	0	0	0	0	100,000
Longwell Building HVAC	0	0	100,000	756,000	0	0	856,000
Parks - Jaycee Park	80,000	0	0	0	0	0	80,000
Parks - City Park	26,000	0	0	0	0	0	26,000
Community Pool Improvements	2,955,500	0	0	0	0	0	2,955,500
45 West Main Street Building Renovations	1,888,529	0	0	0	0	0	1,888,529
Stage	20,300	0	0	0	0	0	20,300
Wakefield Development	329,700	0	0	0	0	0	329,700
Public Works							
Debt Service - Principal	580,900	597,000	445,000	456,500	358,500	234,000	2,671,900
Debt Service - Interest	184,083	167,340	148,954	134,420	119,496	106,398	860,691
Storm Water Mitigation - Carroll County Payment	198,497	208,422	218,843	229,785	241,274	253,338	1,350,159
Annual Road Paving	811,950	1,111,433	1,061,485	1,023,161	1,185,728	1,800,000	6,993,757
Sidewalk Retrofit/ADA Ramps	200,000	100,000	125,000	125,000	125,000	150,000	825,000
Building Improvements	325,000	0	0	0	0	0	325,000
Vehicles - City Fleet	452,000	570,000	700,000	445,000	390,000	300,000	2,857,000
Storm Drain System	360,000	399,000	198,000	208,000	217,000	207,000	1,589,000
West Main Street Lights	0	15,000	300,000	0	0	0	315,000
East Main Street Lights	0	15,000	450,000	0	0	0	465,000
ADA Traffic Light Upgrades	0	50,000	200,000	200,000	0	0	450,000
Crosswalks	25,000	25,000	28,000	30,000	32,000	55,000	195,000
Parking Garage Improvements	140,000	0	0	0	0	0	140,000
Holiday Tree	20,000	0	0	0	0	0	20,000
Retaining Walls	250,000	250,000	250,000	0	0	0	750,000

	2021	2022	2023	2024	2025	2026	Total
Technology							
Phone System	8,333	0	0	0	0	0	8,333
GIS Engineering	0	0	0	0	100,000	100,000	200,000
Servers	0	0	500,000	0	0	0	500,000
Parks and Recreation							
Equipment - Family Center	15,000	15,000	15,000	15,000	15,000	0	75,000
General Fund Total	**9,249,211**	**3,855,195**	**4,907,282**	**3,789,866**	**2,947,998**	**3,369,736**	**28,119,288**

Capital Improvement Program FY 2021 to FY 2026
Water Fund

	2021	2022	2023	2024	2025	2026	Total
Diatomaceous Earth Filter Rehabitation	0	1,000,000	1,000,000	0	0	0	2,000,000
New Water Supply Source Development	250,000	100,000	0	0	0	0	350,000
GIS Engineering	100,000	250,000	0	0	0	0	350,000
Servers	0	0	0	176,000	0	0	176,000
Phone System	8,333	0	0	0	0	0	8,333
Storage Tank Upgrades	0	0	450,000	0	0	0	450,000
Vehicle/Equipment Replacement	25,000	8,000	25,000	35,000	170,000	0	263,000
Taste and Odor Treatment (GAC)	0	500,000	500,000	0	0	0	1,000,000
Reservoir Improvements	100,000	0	0	0	0	0	100,000
Membrane Replacement	0	0	0	450,000	0	0	450,000
Route 27 Water Main	325,000	0	0	0	0	0	325,000
Hook Rd Tank Rehab	0	450,000	0	0	0	0	450,000
Main Street Water Main	0	0	40,000	600,000	0	0	640,000
Well Building Improvements	55,000	0	0	0	0	0	55,000
Wakefield Water System Improvements	65,000	0	0	0	0	0	65,000
Gate Valve Bolt Replacement	50,000	50,000	50,000	50,000	50,000	0	250,000
Debt Service	1,048,655	962,335	962,332	962,329	962,329	962,329	5,860,309
Water Fund Total	**2,026,988**	**3,320,335**	**3,027,332**	**2,273,329**	**1,182,329**	**962,329**	**12,792,642**

Capital Improvement Program FY 2021 to FY 2026
Sewer Fund

	2021	2022	2023	2024	2025	2026	Total
WWTP ENR & Biosolids Upgrade	22,400,000	15,715,989	6,286,395	0	0	0	44,402,384
WWTP Upgrade-Septage (County)	1,744,000	1,216,195	486,478	0	0	0	3,446,673
WWTP Upgrade-Roof	0	0	0	0	75,000	0	75,000
Inflow and Infiltration (I&I)	1,600,000	1,000,000	1,000,000	1,000,000	1,000,000	200,000	5,800,000
Vehicle& Equipment Replacement	43,000	123,000	475,000	110,000	375,000	0	1,126,000
GIS Layers	100,000	250,000	100,000	100,000	0	0	550,000
Servers	0	0	0	176,000	0	0	176,000
Phone System	8,333		0	0	0	0	8,333
WWTP Plant Expansion	0	0	500,000	8,500,000	0	0	9,000,000
Clarifier Feed Gates/Pumps	300,000	0	0	0	0	0	300,000
Pump Station Upgrades and Pumps	30,000	30,000	30,000	30,000	30,000	30,000	180,000
Debt Service	200,000	300,000	400,000	1,300,000	1,300,000	1,300,000	4,800,000
Sewer Fund Total	**26,425,333**	**18,635,183**	**9,277,873**	**11,216,000**	**2,780,000**	**1,530,000**	**69,864,390**

Capital Improvement Program FY 2021 to FY 2026
Fiber Fund

	2021	2022	2023	2024	2025	2026	Total
Servers	0	0	0	22,000	0	0	22,000
Debt Service	927,967	925,272	927,362	928,864	924,578	924,276	5,558,316
Fiber Fund Total	**927,967**	**925,272**	**927,362**	**950,864**	**924,578**	**924,276**	**5,580,316**

Capital Improvement Program FY 2021 to FY 2026
All Funds

	2021	2022	2023	2024	2025	2026	Total
General Fund Total	9,249,211	3,855,195	4,907,282	3,789,866	2,947,998	3,369,736	28,119,288
Water Fund Total	2,026,988	3,320,335	3,027,332	2,273,329	1,182,329	962,329	12,792,642
Sewer Fund Total	26,425,333	18,635,183	9,277,873	11,216,000	2,780,000	1,530,000	69,864,390
Fiber Fund Total	927,967	930,000	930,000	930,000	930,000	930,000	5,577,967
Total All Funds	**38,629,498**	**26,740,713**	**18,142,488**	**18,209,195**	**7,840,327**	**6,792,066**	**116,354,286**

FY 2021 FUNDED PROJECTS

CAPITAL PROJECTS FUND, GENERAL FUND

Project Name: Parking Study - $25,000
Project Number: PL21-1
The City maintains several public parking facilities, including two parking garages, several surface lots, and on-street parking in the downtown area. The City's public parking infrastructure is aging, and replacement meters are no longer available for the current system.

Staff recommends that the City undertake a parking study to address all public parking facilities, not just parking meters. The study will address the needs of the City, visitors, and business owners as well as analyze revenue impacts and enforcement solutions.

This project is funded through real property taxes. It is expected that this study will result in a recommendation for a capital improvement project for a new parking meter system, also to be funded through real property taxes in a future year.

Project Name: Replacement Police Vehicles - Public Safety - $166,678
Project Number: POL08-1
The Police Department expects to purchase a total of five vehicles – four replacement cars and a new vehicle to expand the fleet for new police officer hires who will be eligible for the take-home vehicle program. The four vehicles, to be purchased with real property tax revenues, will include two marked cruisers, two unmarked vehicles, and one narcotics car. Outfitting the vehicles is included in the start-up cost. Recurring annual costs include maintenance, insurance, gasoline, and computer parts. Useful lives are 10 years.

Project Name: Downtown Westminster Camera System - $70,000
Project Number: POL19-2
The Police Department is requesting the use of federal forfeiture funds to purchase a video camera/recording system to be installed in certain public spaces in the City. Three locations have been tentatively selected based upon Police Department calls for service. Recurring annual costs include maintenance and service and are estimated at $15,000. Useful life is 10 years.

Project Name: License Plate Reader - $16,740
Project Number: POL21-1
The Police Department is requesting the use of federal forfeiture funds to purchase a license plate reader (LPR) to be installed in a police cruiser. An LPR-equipped officer is much more likely to catch wanted persons and recover stolen vehicles. In addition, the use of LPR technology enhances community safety with quick up-to-date information related to missing, endangered, or dangerous person(s). Recurring annual costs are zero. All data-related costs remain the same. Useful life is 10 years.

Project Name: Longwell Building Improvements - $100,000
Project Number: FA21-1
The Longwell Building, also known as the Armory, has served the City in a number of uses over the years since it has been acquired. The building is aging and will require significant investment if the City continues its use. As unexpected repair requests continue to arise, it was determined that a complete building assessment should be conducted so that the City can factor those issues/needs into its financial plans. The anticipated cost of the study is $25,000.

This line item also anticipates reconstruction of the showers in the Fitness Center area of the building. It has become apparent that the repairs cannot be postponed if the City plans to continue to operate a Fitness Center. This project includes removal of all tile, demolition of existing walls, removal of existing lighting and plumbing, addition of poured-in-place acrylic wall and floor, addition of new shower partitions, lighting and plumbing and fixtures. This work is expected to cost $75,000 and have a useful life of 20 years. This project is funded with real property tax revenues.

Project Name: Jaycee Park Improvements - $80,000
Project Number: FA21-2
This project is for a Design Study at Jaycee Park and Whispering Meadows Park. It will explore enhanced uses of both parks, including improvements to field maintenance and use, an analysis of the use of multiple playing courts, lighting, restrooms, and parking. It is expected that the Study will recommend a new design and solutions for all issues. Implementation of improvements is expected to occur in future years. The estimated cost of the Study is $80,000, which will be funded with real property tax revenues.

Project Name: City Park Improvements - $26,000
Project Number: FA20-1
This project includes upgrades to the existing electric service at City Park, as well as the installation of service to pavilions and overhead lighting. The main electrical transformer is old, and parts are difficult to find. Useful life is 20 years. Impact to future operating budgets is a reduction in expense, as the new service will be more energy efficient. This project is funded with real property tax revenues.

Project Name: Community Pool Improvements - $2,955,500
Project Number: FA21-3
In FY 2020, a study was performed to evaluate and recommend renovations to the community pool and associated facilities. Recommendations include installing a shell into the current pool infrastructure, new plumbing and filtration, new plumbing building, a new splash pad, the addition of a learning pool, improvements to office and locker rooms, establishment of a patron drop-off area, addition of a snack bar, and improvements to the community room. Total costs are expected to be $2,955,500, with funding provided by a bond issuance through the Maryland Community Development Association. Future debt service is expected to be paid from a combination of increased pool revenue and real property tax revenues. Useful life is 20 years. The impact on future operating budgets is maintenance of filtration system, pool, and buildings. Debt service is expected to be about $185,000 per year for 20 years.

Project Name: 45 West Main Street Renovations - $1,888,529
Project Number: FA19-2
In FY 2018, the City purchased the building located at 45 West Main Street to house its administrative offices. This project entails the renovation of the building, including architectural and engineering consulting services, permitting fees, the construction of ADA compliant restrooms, installation of an ADA compliant elevator, and installation of a building sprinkler system. Recurring expenses will include insurance and maintenance. Construction commenced in FY 2020, and will be completed in FY 2021. Remaining project expenditures are estimated at $1,888,529. The project is funded entirely from a transfer from General Fund reserves. Useful life is 50 years.

Project Name: Stage - $20,300
Project Number: FA21-3
The Street Department maintains and sets up a portable stage for City events. The current event stage is deteriorating and in need of replacement. The new stage will be 20’ x 20’ with steps, handrails, and a

commercial grade canopy. This project is funded with real property tax revenues. Useful life is 15 years. The City expects to realize time efficiencies due to easier set up and moving of the stage.

Project Name: Wakefield Park Phase 1 - $329,700
Project Number: FA20-4
This project is for Master Planning services for the Wakefield Park and for parking lot upgrades. This project is expected to be funded by a Land and Water Conservation Fund grant in the amount of $119,850 and Program Open Space grants in the amounts of $85,635. The balance of the project cost will be funded from benefit assessment funds. Future impacts on operating budgets will include maintenance of any equipment or facilities. At this time, the only operating costs associated with this park is mowing. Useful life of the parking lot upgrades is 20 years.

Project Name: Debt Service - $764,983
Project Number: ST19-4
The City has three debt service instruments: the 2005 Series for the Green Street bridge improvements, the 2012 Series for the parking garages, and the 2017 Series for paving.

Project Name: Stormwater Mitigation - Street Department - $198,497
Project Number: ST11-01
This project includes repair and replacement of leaking pipes at stormwater management pond overflow facilities and dredging at various locations throughout the City. This project also addresses State-mandated stormwater management regulations. The City has partnered with the Carroll County Board of Commissioners and other municipalities to address the State mandates. Useful life is 25 years. Impact to future operating budgets includes maintenance. This project is funded from real property revenues.

Project Name: Annual Road Paving - $811,950
Project Number: ST19-3
This project includes design and construction of overlay for various streets and alleys in Westminster; upgrades to handicap ramps will be made where required. A Pavement Conditions Index has been completed to prioritize work, which is performed by outside contractors. Useful lives are 15 years. There is no impact to future operating budgets. This project is funded from Highway User revenues.

Project Name: Sidewalk Retrofit and ADA Ramps - Street Department - $200,000
Project Number: ST08-20
Retrofit of City sidewalks and installation of new sidewalks and ADA ramps have been an ongoing goal of the City to create safer pedestrian travel routes. These items are funded through real property taxes. Impact to the operating budget includes $10,000 annual in maintenance costs. Useful life is 15 years.

Project Name: Building Improvements - $325,000
Project Number: ST21-1
This project provides funding for anticipated costs associated with building improvements and potential building acquisition. Details of this project are withheld so as not to compromise certain land acquisition negotiations.

Project Name: Vehicle and Equipment Replacement – Street Department - $452,000
Project Number: ST08-1
This project provides for the scheduled replacement and addition of vehicles and equipment, and will be funded through real property taxes and special benefit assessments. In FY 2021, the following items will be purchased: replacement 14' mowing deck for trackless mower ($26,000), Truck 18 replacement ($50,000), salt spreaders ($16,000), new Hook Truck ($250,000), new Pickup Truck ($50,000), and new Remote Control Hill Mower

($60,000). Annual recurring costs of $35,000 for maintenance, insurance, and gasoline are expected to impact the operating budget. Annual savings of $35,000 are expected to be realized in vehicle repair costs. Useful lives are 10 – 20 years.

Project Name: Storm Drain System - $360,000
Project Number: ST20-1
This project is to replace the failing storm drain on Cranberry Road near Route 140 ($250,000) and the failing storm drain on Sullivan Road ($100,000). Design work in the amount of $10,000 is also included for future projects. Useful life is 20 years. There is no impact to future operating budgets.

Project Name: Crosswalks - $25,000
Project Number: ST21-2
This project replaces the brick crosswalks in the downtown area with thermo-plastic brick patterns. Most brick crosswalks have been removed and replaced with blacktop due to failure. Thermo-plastic brick patterns are not only aesthetically pleasing, but they make the crosswalks more visible to motorists. This project is funded with real property tax revenues. Useful lfe is ten years. There is no impact to future operating budgets.

Project Name: Parking Garage Improvements - $140,000
Project Number: ST20-1
This project will remove old joint compound, clean, repair, and paint connectors before reinstalling new joint compound at the Westminster Square Parking Garage and the Longwell Parking Garage. This project is funded from real property tax revenues. Useful life is 20 years. There is no impact on future operating budgets.

Project Name: Holiday Tree - $20,000
Project Number: ST21-3
This project involves the purchase of a 22-foot artificial tree for Locust Lane for display during the holidays. The City currently requests donations of live trees or is forced to purchase a live tree. The process of cutting the live tree, hauling to the Locust Street location, and setting up the tree is not time or cost-efficient. In addition, the City no longer has the proper equipment to cut and move a large live tree. Artificial trees are installed in sections, making for a much safer operation for staff. This project is funded from real property tax revenue. The useful life is 10 years. There is no impact on the operating budget.

Project Name: Retaining Walls - Street Department - $250,000
Project Number: ST18-1
This project will replace the retaining wall near at the Diffendal Parking Lot ($230,000) and includes engineering for City Park retaining wall ($20,000), which are deteriorating. Funding is from real property tax revenues. Useful life is 50 years. There is no impact to future operating budgets.

Project Name: Telephone System - Technology Department - $8,333
Project Number: IT21-1
This project will replace the current Voice over Internet Phone system with a cloud-based system. Total project cost is $25,000 and is being split between the General Fund, Water Fund, and Sewer Fund. The General Fund portion is being funded by real property tax revenue. Useful life is ten years. Operating impacts include annual maintenance and software costs.

Project Name: Equipment Family Center - Recreation Department - $15,000
Project Number: RE21-1
This project is the first phase of a multi-year replacement of aging cardio equipment at the Family Fitness Center. This program is being implemented to avoid the need to replace all equipment at one time. Each year, the

equipment with the most hours of use will be replaced. This project is funded with real property tax revenues. Useful life is six years. Impact on operating budget is reduced repair costs.

WATER FUND

Project Name: New Water Supply Source Development - $250,000
Project Number: W02-03
This project is for new water supply source development, specifically the continued advancement of the City's water re-use initiative. The City must continually search for new water supply sources in order to increase capacity.

Project Name: GIS Engineering - $100,000
Project Number: IT20-01
This City will hire an engineering firm to create complete GIS layers of the Water System assets with attributes and GPS coordinates to complete the City's current GIS system for the Water System. Useful life is 20 years. The impact to future operating budgets includes personnel to maintain and administer the GIS systems.

Project Name: Telephone System - Technology Department - $8,333
Project Number: IT21-1
This project will replace the current Voice over Internet Phone system with a cloud-based system. Total project cost is $25,000 and is being split between the General Fund, Water Fund, and Sewer Fund. The General Fund portion is being funded by real property tax revenue. Useful life is ten years. Operating impacts include annual maintenance and software costs.

Project Name: Vehicle and Equipment Replacement - $25,000
Project Number: W92-21
This project provides for the routine replacement of trucks funded from the Water Fund for use by Water Plant and Utility Maintenance personnel. In FY 2021, a replacement Meter Reading Truck will be purchased. The total cost of the vehicle is $50,000, which will be split between the Water and Sewer Funds. Useful life is ten years. Recurring annual costs include insurance, gasoline, and maintenance.

Project Name: Reservoir Improvements - $100,000
Project Number: WA20-02
This project includes installation of a new discharge valve at the Cranberry Reservoir for the control of water being released during normal operations and emergency repairs in the downstream line. Useful life is 20 years. There is no impact to future operating budgets.

Project Name: Water Main Replacement - Route 27 - $325,000
Project Number: WA21-01
This project includes design and construction of a 16' water main to replace the existing asbestos concrete pipe on Route 27 from Hahn Road to Tuc Road. The total length of the replacement pipe is 4,471 feet. This section has broken several times in recent years and is a critical feed line. Widespread pressure loss and water outages occur throughout the City when this main breaks. Useful life is 30 years. The impact on the operating budget is a savings as a result of fewer repairs.

Project Name: Well Building Improvements - $55,000
Project Number: WA20-04
This project is for improvements at Well #7 to include a new roof, replacement of influent valve controllers, and replacement of three Turbidimeters. Useful life is 30 years. Operating impacts will be required repainting of the metal roof.

Project Name: Wakefield Water System Upgrade - $65,000
Project Number: WA21-02
This project includes the replacement of the power line from the Main Plant to the Well #2 Building, installation of radio equipment to facilitate control of the Well #2 pump, and installation of a variable frequency drive on the Well #2 pump. Useful life is 30 years. There is no impact to the operating budget.

Project Name: Gate Valve Bolt Replacement - $50,000
Project Number: WA21-03
This project proposes a six-year plan to replace faulty gate valve bolts. These bolts are located on main line valves and cause large leaks, causing widespread service outages. This type of leak tends to require major roadway repairs after the leak has been resolved. Useful life is 30 years. The impact to the operating budget is a savings in roadway and leak repairs.

Project Name: Debt Service - $1,048,655
Project Number: WA21-04
The Water Fund has two debt service instruments: the Cranberry Water Treatment Plant and the Medford Quarry. Both are financed through the Maryland Water Quality Financing Administration. Both loans will be paid in full by FY 2028.

SEWER FUND

Project Name: WWTP Solids Processing, Equipment, and ENR Upgrades - $22,400,000
Project Number: SE08-3
This project provides for the Enhanced Nutrient Removal at the Wastewater Treatment Plant. Currently, the Maryland Department of the Environment requires the Plant to meet a total nitrogen (TN) limit of 8 mg/l on a yearly average and a total phosphorous (TP) limit of 2mg/l on a monthly average. Newly proposed TN and TP limits are 3.0 mg/l and .03 mg/l, respectively. An Enhanced Nutrient Removal upgrade will be needed to meet the new regulation. This project is funded through Bay Restoration Grants and Maryland Water Quality Revolving Loans. This construction project will include three major components of the Wastewater Treatment Plant: solids processing and generator, aeration tank diffusers, and utility water station.

The solids processing building and generator includes a new biosolids dewatering and drying facility. The new building will house belt-filter presses, a biosolids drier, an odor control system, and a wastewater plant maintenance shop. The biosolids drier is a thermal process with an extensive fire suppression system for safety. This process will generate a class “A” biosolid that will allow recycling of the City’s biosolids instead of landfill disposal. A Carroll County manufacturer currently utilizes biosolids in its processing facility to replace a portion of the coal used to fire its machinery. The use of biosolids for its carbon value increases the possibility of a revenue source for the City.

Adjacent to this structure will be an emergency backup generator for the solids processing and the secondary clarifier processes. This standalone generator is needed to ensure the solids processing building electric power is maintained in the event of a power outage when the biosolids drier is in operation.

The aeration tank diffusers will replace the existing aeration diffusers with a new diffuser and dissolved oxygen control system. The new diffusers and control system will provide for a more efficient balance of dissolved oxygen throughout the aeration tanks, which will result in an energy savings and better treatment.

The new utility water station is designed to satisfy the increased utility water demand associated with the end project, as well as furnish process water and fire protection to Performance Food Group.

The impact to future operating budgets is unknown at this time.

Project Name: WWTP Upgrade - Septage Facility - $1,744,000
Project Number: SE15-01
This 42-month project provides for upgrades to the part of the facility used by Carroll County. This project includes the construction of a building addition and installation of a new means to screen and remove grit material from the septage as it is received into the facility. The project will also include the installation of a septage dewatering screw press for solids removal. This project is funded 100% by Carroll County. There is no impact to future operating budgets.

Project Name: Inflow and Infiltration - $1,600,000
Project Number: SE08-1
This project includes design and construction of sewer system rehabilitation projects throughout the entire collection system. The goal of the project is to reduce inflow and infiltration into the sanitary sewer system from groundwater and other sources due to leaks in old pipes. The rehabilitation work will reduce flow surges during storm events so that only sewage is treated instead of groundwater and storage. Corrective work will lower operating costs due to decreased flows and extend the life and capacity of the Wastewater Treatment Plant.

Project Name: Vehicle and Equipment Replacement Program - $43,000
Project Number: SE08-6
This project provides for the scheduled replacement of vehicles used by Wastewater Treatment Plant and Utility Maintenance staff. In FY 2021, the Meter Reading Truck ($25,000) and a Utility Vehicle ($18,000) will be replaced. The Meter Reading Truck's total cost is $50,000, but the cost will be split between the Water Fund and the Sewer Fund. Recurring annual costs include insurance, gasoline, and maintenance. Useful life is ten years.

Project Name: GIS Engineering - $100,000
Project Number: IT20-01
This City will hire an engineering firm to create complete GIS layers of the Sewer System assets with attributes and GPS coordinates to complete the City's current GIS system for the Sewer System. Operating impacts include increased personnel to maintain and administer the GIS systems.

Project Name: Telephone System - Technology Department - $8,333
Project Number: IT21-1
This project will replace the current Voice over Internet Phone system with a cloud-based system. Total project cost is $25,000 and is being split between the General Fund, Water Fund, and Sewer Fund. The General Fund portion is being funded by real property tax revenue. Useful life is ten years. Operating impacts include annual maintenance and software costs.

Project Name: Clarifier Feed Gates and Drives Replacement - $300,000
Project Number: SE21-01

This project replaces the existing secondary clarifier drives 1 and 2 and four clarifier feed gates at the Wastewater Treatment Plant. This equipment is about 30 years old; a failure would be critical and would have a negative effect on treatment plant effluent quality. Useful life is 30 years. There is no impact to operating budget.

Project Name: Pumps - $30,000
Project Number: SE20-1
This project proposes the replacement and repairs of existing pumps at pump stations throughout the collection system. Upgrades will reduce failures at the pump stations and help to eliminate discharges to the environment. There is no impact to future operating budgets. Useful life is 20 years.

Project Name: Debt Service - $200,000
Project Number: SE21-04
The Sewer Fund has two debt service instruments: the 2019 Series A and B for the Westminster WWTP ENR and Biosolids Project. The project is currently under construction and only interest is due. Both are financed through the Maryland Water Quality Financing Administration.

FIBER FUND

Project Name: Debt Service - $927,967
Project Number: INF13-2
The Fiber Fund has two debt service instruments: the 2019 Series A financed through the Maryland Community Development Association and a Note Payable financed through the Governor's Office of Rural Broadband. This project impacts the General Fund, as lease revenues are not sufficient to pay debt service.

DEBT RELATED TO CAPITAL PROJECTS

Debt Instrument	Project Name	Balance June 30, 2020	Future Payments			
			FY 2021		FY 2022	
			Principal	Interest	Principal	Interest
General						
2005 Infrastructure Bond A	Green St Paving	1,012,000	207,500	46,328	216,000	37,613
2012 Infrastructure Bond B	Parking Garages	327,900	162,400	5,659	165,500	1,957
2017 Infrastructure Bond	Road Paving	4,423,000	211,000	129,286	215,000	124,960
Total General Fund		*5,762,900*	*580,900*	*181,273*	*596,500*	*164,530*
Water						
Drinking Water Bond 2007	Cranberry WTP Upgrade	3,710,359	592,184	64,152	598,106	58,230
Drinking Water Bond 2008	Medford Quarry Emergency Connection	2,102,883	241,565	64,428	247,363	58,630
Total Water Fund		*5,813,242*	*833,749*	*128,580*	*845,469*	*116,860*
Sewer						
State Revolving Fund 2019A	Enhanced Nutrient Removal/Biosolids	6,674,500	-	200,000	-	300,000
State Revolving Fund 2019B	Enhanced Nutrient Removal/Biosolids	-	-	-	-	-
Fiber						
Fiber Infrastructure Bond A	City-wide Broadband Network	15,935,000	345,000	582,967	350,000	575,272

FY 2021 OVERLAY INFORMATION						
YEAR	**STREET NAME**	**FROM**	**TO**	**SQUARE FT**	**EST. $4**	**EST $3.75**
2021	Daniel Drive	Johahn Drive	Buck Cash Drive	24,710.00	$ 98,840.00	$ 92,662.50
2021	Buck Cash Drive	Royer Road	City Limits	12,936.00	$ 51,744.00	$ 48,510.00
2021	Whispering Meadows Court	Daniel Drive	End of cul de sac	22,289.00	$ 89,156.00	$ 83,583.75
2021	Whispering Meadows Drive	Daniel Drive	Buck Cash Drive	31,838.00	$ 127,352.00	$ 119,392.50
2021	Key Street	North Street	Longwell Avenue	22,131.00	$ 88,524.00	$ 82,991.25
2021	North Street	Willis Street	Key Street	8,015.04	$ 32,060.16	$ 30,056.40
2021	Leslie B Leister Lane	Longwell Avenue	Locust Street	8,253.00	$ 33,012.00	$ 30,948.75
2021	Tuc Road	RT 27	Longwell Avenue	28,053.00	$ 112,212.00	$ 105,198.75
2021	Distillery Drive	RT 27	Locust Street	11,196.00	$ 44,784.00	$ 41,985.00
2021	Locust Lane	Tuc Rd	Distillery Drive	19,206.00	$ 76,824.00	$ 72,022.50
2021	Emerald Hill Lane	Longwell Avenue	RT 27	14,040.00	$ 56,160.00	$ 52,650.00
			TOTAL	**202,667.04**	**$ 810,668.16**	**$ 760,001.40**

Proposed FY 2021Budget

MAYOR AND COMMON COUNCIL PRESENTATION

APRIL 27, 2020

Budget Drivers

- No change in tax rates
  - Increased revenues due to higher assessed values
- Water and sewer rates as adopted in May 2018
- Economic impact of COVID-19 pandemic
- Continued implementation of Comp and Class Study results
- Insufficient fiber revenues to cover debt service costs

Budget Structure

- General Fund
- Water Fund
- Sewer Fund
- Fiber Fund
- Capital Projects Fund

Budget Overview

- Combined revenues (all funds) = $62.2 million
- Combined expenditures = $65.5 million
- Variance = $3.3 million
  - Reserve allocation from multiple funds

Personnel Costs

- Employee wage adjustments (all funds)
  - 2% across-the-board adjustment for eligible staff ($160,000)
  - Phase 3 Comp & Class Study implementation ($78,000)
- Employee health insurance
  - 9.9% increase
- MSRA rates
  - Pension – 9.38% to 10.24%
  - LEOPS – 32.22% to 34.93%

Personnel Costs

- FY 2020 Police "over-hire" position made permanent
  - No budgetary impact
- New Special Projects Manager position
  - Allocated across General, Water, and Sewer Funds
- Addition of one Equipment Operator (Streets)
  - General Fund

Personnel Costs

- Addition of one Equipment Operator (Utility Maintenance)
  - Allocated across Water, Sewer, and Fiber
- Addition of one Mechanic
  - Water Fund

General Fund Overview

- Real property tax revenue = 49% of fund revenues
- Other fund revenue sources
  - Personal property and utility taxes
  - Income tax receipts
  - County/Town agreement
  - Charges for services
- Projected decline in certain revenue sources
- Reduced investment income

General Fund Overview

- Major cost driver is personnel costs
  - 48% of fund expenditures
- Community Planning & Development
  - Zoning Code update = $60,000
  - Partners for Economic Solutions contract = $38,800
- Outside agency funding
  - Westminster Volunteer Fire Department ($250,000)
  - Westminster Municipal Band ($5,000)

Family Fitness Center

Westminster Family Center Revenue and Expenditure History FY 2014 - FY 2020

	2014	2015	2016	2017	2018	2019	FY 2020 through 4/1/20
Revenue	176,917	194,058	167,813	179,128	230,523	265,105	192,062
Expense	391,022	466,384	453,428	466,087	508,528	509,813	307,474
Loss/Gain	(214,105)	(272,326)	(285,615)	(286,959)	(278,005)	(244,708)	(115,412)

Family Fitness Center

- Projected FY 2021 operating deficit = $209,437
- FY 2021 capital projects ($90,000)
  - Equipment replacement
  - Shower room renovation
- Majority of members are non-residents

Water Fund Overview

- Previously approved rate increase = 3.5%
  - Multi-year rate structure established in May 2018
- Reduced consumption by large users
  - Rate structure may need to be re-evaluated
- Reserve allocation = $302,209
  - Re-appropriation of FY 2020 funding

Water Fund Overview

- Route 27 Water Main Project = $325,000
- New Water Supply Source Development = $250,000
- GIS Engineering Work = $100,000

Sewer Fund Overview

- Previously approved rate increase = 5%
  - Multi-year rate structure established in May 2018
- Reduced consumption by large users
  - Rate structure may need to be re-evaluated
- Reserve allocation = $269,970
  - Re-appropriation of FY 2020 funding

Sewer Fund Overview

- ENR/Biosolids Project = $22.4 million
- County Septage Facility Upgrade = $1.74 million
  - Fully funded by County
- Inflow and Infiltration Project = $1.6 million
- Clarifier Feed Gate/Drive Replacement = $300,000
- GIS Engineering Work = $100,000

Fiber Fund Overview

- State loan drawdown = $503,215
- FY 2021 revenues insufficient to cover debt service
  - State loan proceeds cannot be used for debt service
  - General Fund operating transfer required = $203,025
- Grant to MAGIC = $80,000

Capital Projects Fund Overview

- Fund revenue sources
  - Dedicated property tax revenues
  - HUR funding
  - Special benefit assessment fees
  - Grant funding
  - Reserve allocation ($0.71 million)
  - General Fund transfer ($1.98 million)
- Bond financing assumed for any pool improvements

Capital Projects Fund Overview

- Community Pool improvements
- 45 West Main Street Renovation Project
- Road paving
- Vehicles/equipment
- Debt service

FY 2021 Budget Calendar

- April 30, 2020 at 7:00 p.m.
  - Budget Public Hearing #1
  - Budget Work Session
- May 4, 2020 at 5:30 p.m.
  - Budget Public Hearing #2
  - Budget Work Session
- May 11, 2020 at 7:00 p.m.
  - Adoption of Budget Ordinance

To: Mayor and Common Council

From: Barbara B. Matthews, City Administrator

Date: April 28, 2020

Re: FY 2021 Budget – Work Session #1

Background
The City's new fiscal year will commence on July 1, 2020. In accordance with Article II of the Charter of the City of Westminster, the City Administrator prepared a proposed budget for the Mayor and Common Council's consideration. The proposed budget for FY 2021 was formally presented to the Mayor and Common Council on April 27, 2020.

On April 30, 2020 at 7:00 p.m., the Mayor and Common Council will hold the first of two scheduled work sessions to discuss the budget proposal. The second work session regarding the FY 2021 budget is scheduled for May 4, 2020 at 5:30 p.m.

The April 30, 2020 work session will provide the Mayor and Common Council with the opportunity to discuss the proposed budget for FY 2021 and to ask questions of staff. Discussion topics will include the following components of the budget proposal:

- Proposed Fiber Fund budget;
- Financial support to the Mid-Atlantic Gigabit Innovation Collaboratory (MAGIC); and,
- Briefing on Compensation and Classification Study Implementation.

Further information on each of these issues is provided below.

Proposed Fiber Fund Budget
The Fiber Fund accounts for the financial activity associated with the City's construction of a community-wide gigabit fiber network. Fund revenues are projected to total about $1.4 million in FY 2021. Contractually-based payments from Ting, the network operator, account for $724,932 of this amount. The City will also receive a payment in the amount of $924 for fiber it leases to Carroll Lutheran Village.

Projected subscriber revenues assume a constant take rate for those phases of the Westminster Fiber Network currently above 20%. Those phases with a current take rate below 20% were assumed to be at 20% as of July 1, 2020.

Fund expenditures will be supported by the drawdown of $503,215 in proceeds from a State-provided loan for network operating costs. The $1.3 million loan, secured in June 2019, has a term of 30 years at an interest rate of 0%. The FY 2020 drawdown amount is projected to be approximately $400,000.

Fiber Fund expenditures are estimated to total approximately $1.4 million in FY 2021. Debt service accounts for $927,967 of this amount. Other expenses relate to the operation and maintenance of the Westminster Fiber Network.

FY 2021 revenues will be insufficient to cover debt service costs, and State loan proceeds cannot be used for debt service. Therefore, a transfer in the amount of $203,035 will be made from the General Fund to the Fiber Fund in FY 2021 to make up the shortfall.

Financial Support to MAGIC

The FY 2021 budget proposal includes $80,000 in grant funding to support the activities of MAGIC. Should the Mayor and Common Council include this funding in the approved FY 2021 budget, a grant agreement would be executed between the parties, outlining the terms and conditions associated with the funding.

It is anticipated that a FY 2021 grant agreement would be similar to structure to the FY 2020 agreement. A copy of the FY 2020 agreement is attached to this staff memo. Also provided is information provided by MAGIC's Executive Director, reflecting MAGIC's progress in attaining certain grant program measures through March 31, 2020.

The City provided an $80,000 grant to MAGIC in FY 2018, FY 2019, and FY 2020 – for a total of $240,000 in grant funding through June 30, 2020. Prior to FY 2018, the City provided financial support to MAGIC via a contractual arrangement with the individual serving as MAGIC's Executive Director.

Compensation and Classification Study Briefing

In FY 2018, the City undertook a Compensation and Classification Study to ensure the City's ability to attract and retain a quality workforce; it had been 12 years since the City last completed such an assessment. The Study involved an assessment of the City's salary and benefit structure and resulted in the adoption of a new salary structure as of July 1, 2018. The Study results are being implemented in three phases.

In Phase 1 (FY 2019), employee salaries were increased to align with the minimum of the applicable salary range, if the employee's salary was below the new minimum. In Phase 2 (FY 2020), efforts were made to address salary compression issues created by the new, market-competitive starting salaries and the City's inability to fund salary increases in the late 2000s.

The FY 2021 budget proposal includes funding for Phase 3 of the Study implementation process, as well as a 2% across-the-board wage adjustment for all benefited staff. The cost (all funds) of these wage adjustments is provided below:

- 2% across-the-board adjustment for eligible staff ($160,000); and,
- Phase 3 Comp & Class Study implementation ($78,000).

Phase 3 adjustments are a mirror image of those provided to eligible employees in Phase 2.

A copy of the presentation made by Evergreen Consultants (the firm retained by the City to conduct the Study) to the Mayor and Common Council in April 2018 is attached to this staff memo as background information.

Recommendation

Staff recommends that the Mayor and Common Council discuss these matters and provide direction to staff if any modifications to the FY 2021 budget proposal are desired.

Attachments

- FY 2020 Grant Agreement between the City and MAGIC
- MAGIC Program Measures as of March 31, 2020
- Evergreen Consultants Presentation – April 2018

cc: Tammy Palmer, Director of Finance & Administrative Services
Darlene Childs, Director of Human Resources

CITY OF WESTMINSTER GRANT AGREEMENT
FISCAL YEAR 2020

Grantee:	Mid-Atlantic Gigabit Innovation Laboratory
	P.O. Box 517
	Westminster, Maryland 21158
ATTN:	George Perkins, Treasurer

The Mayor and Council of Westminster, Maryland has authorized a grant of funds to the above-named Grantee for Fiscal Year 2020 in the amount of $80,000.00. This grant (hereinafter the "Grant") is administered by the Westminster City Administrator. Any questions concerning this grant are to be addressed to the City Administrator.

The Grant, and the disbursement of grant funds (hereinafter the "Grant Funds") to Grantee, is subject to the following conditions:

1. Grantee agrees to utilize the grant funds to create and nurture a tech entrepreneur ecosystem in Carroll County; to reach, teach, and train entrepreneurial talent to populate the tech ecosystem; and to accelerate the development of new technologies, particularly involving gigabit broadband (hereinafter the "Grant Services"). The goal of these activities is to develop a culture of technology entrepreneurialism focused on Westminster, and to attract innovators, companies, and investors to a growing pool of tech talent in Westminster and Carroll County. Any changes or modifications to these Grant Services must receive prior written approval from the Westminster City Administrator.

2. The City of Westminster will disburse the Grant Funds to Grantee during Fiscal Year 2020 (July 1, 2019 – June 30, 2020) in an amount not to exceed $80,000.00. The City agrees to make four installment payments in the amount of $20,000.00 each, to be paid in the months of July, October, January, and April.

3. Grantee shall report publicly to the Mayor and Common Council on a quarterly basis, describing progress in meeting the program measures outlined in Exhibit A.

4. Grantee will submit a written final report by August 31, 2020, describing progress in meeting the program measures outlined in Exhibit A.

5. Grantee shall provide the City with a copy of its audited financial statements at the end of the Grantee's current fiscal year. Grantee shall further provide the City with any additional documents and information that the City may request. Grantee shall also make available to the City, upon request, its internal policies, practices, books, and records relating to the provision of the Grant Services and the use of Grant Funds.

6. In its discretion, the City may appoint a member of the Common Council to serve as a non-voting liaison to the Grantee's Board of Directors.

7. Grantee shall perform the Grant Services as an independent contractor and shall not be considered an agent of the City, nor shall any of the employees or agents of Grantee be considered sub-agents of the City.

8. Grantee shall not discriminate against any person in employment or in the provision of the Grant Services because of race, creed, color, sex, national origin, ancestry, marital status, handicap, sexual orientation, or age.

9. Grantee shall, at Grantee's expense, be responsible for obtaining all necessary licenses and/or approvals and for complying with any applicable federal, state, and municipal laws, codes, and regulations in connection with the performance of the Grant Services.

10. Grantee shall not assign or transfer the Grant, Grant Funds, or the obligation to perform the Grant Services, except as expressly authorized by the City Administrator.

11. It is agreed that Grantee shall indemnify and hold harmless the City, its officers, agents, and employees from any and all suits, actions, claims, damages, and costs of every nature and description to which the City many be subjected by reason of injury to person or property resulting from Grantee's conduct or negligence or that of its agents, employees, or subcontractors in the performance of its duties under this Grant. Grantee shall be responsible for all damage to persons or property, which occurs or is a result of its conduct and shall take proper safety and health precautions to protect all employees and members of the general public. Grantee shall be responsible for claims of liability, loss or damage which may be attributable in whole or in part to its negligence or misconduct, excepting however such claims or damages as may be attributable to the direct or willful negligence of the City, its officers, agents, or employees.

12. The City shall have access to and the right to examine any financial records of Grantee. Grantee shall retain records pertaining to the Grant for at least five (5) years or such longer time as may be required by the City and shall contact the City before disposing of the records.

13. Grantee is responsible for insuring that Grant Funds are properly used in connection with the provision of Grant Services. The City reserves the right to demand repayment of any Grant Funds misappropriated to other purposes. If repayment is not made within ten (10) business days of such demand, the City may issue a lien against the Grantee's property and/or take such other actions as permitted by law.

14. All exhibits attached to this Grant are incorporated herein and made a part hereof. This Grant, including the exhibits attached, constitutes the entire agreement between the City and the Grantee, and the parties shall not be bound by any prior negotiation, representations or promises, not contained herein. This Grant is executed in the State of Maryland and shall be governed by Maryland law. The Grantee, by execution of this Grant, consents to the jurisdiction of the Maryland state courts with respect to any dispute arising out of this Agreement and further consents to venue in Carroll County, Maryland. If any provision of this Grant is held illegal or unenforceable in a judicial proceeding, such provision shall be severed and shall be inoperative, and the remainder of this Grant shall remain operative and binding on the parties.

By signing below, Grantee hereby acknowledges, accepts, and agrees to abide by the foregoing grant conditions. The Grant shall automatically be revoked and terminated if any of the foregoing conditions are altered or modified without the express written approval of the City Administrator or her designee.

By: _____ (authorized Grantee representative signature)

GHORCH SHIRVINSHORAN SECRETARY (name and title must be printed under signature)

7/26/19 (date of agreement execution)

By: _____
Barbara B. Matthews, City Administrator

07-30-19 (date of agreement execution)

EXHIBIT A

Mid-Atlantic Gigabit Innovation Collaboratory
Program Measures

Measurement/Activity	Q1	Q2	Q3	Q4	Total
Number of sponsors participating in special events					
Amount of sponsor revenue received					
Number of grant applications submitted					
Number of volunteers from venture capitalists, startups, and tech companies					
Jobs placed/facilitated within the City of Westminster					
Jobs placed/facilitated outside the City of Westminster					
Number of conferences/events attended or hosted					
Number of conferences/business events attended at which the Westminster Fiber Network was promoted					
Coverage in local and regional news publications					

Measurement/Activity	Q1	Q2	Q3	Q4	Total
Number of sponsors participating in special events	0	29	8		
Amount of sponsor revenue received	0	$15.8k	$7,875		
Number of grant applications submitted	2	2	4		
Number of volunteers from venture capitalists, startups, and tech companies	6	10	17		
Jobs placed/facilitated within the City of Westminster	2	0	3		
Jobs placed/facilitated outside the City of Westminster	0	1	0		
Number of conferences/events attended or hosted	6	7	3		
Number of conferences/business events attended at which the Westminster Fiber Network was promoted	2	4	1		
Coverage in local and regional news publications	4	8	5		

Classification and Compensation Study for the City of Westminster, MD

Presentation of Results

Evergreen Solutions, LLC

9 April 2018

Agenda

- Study Process
- Outreach Summary
- Review of Current Conditions
- City Compensation Philosophy
- Classification Review Results
- Compensation Review Results
- Proposed Pay Plan and Implementation
- Next Steps/Additional Recommendations

Study Process

Completed:

- ✓ Employee outreach.
- ✓ Analysis of conditions of the current pay system.
- ✓ Review of City's Compensation Philosophy.
- ✓ **Internal equity** analysis by reviewing Job Assessment Tool (JAT) input; recommending proposed class structure.
- ✓ **External equity** analysis by determining market competitiveness of the current pay structure/ranges.

Study Process (cont.)

- ✓ Development of competitive pay structure options.
- ✓ Individual classification assignments to a pay grade/range.
- ✓ Development of options for implementing the proposed structure.
- ✓ Estimated annualized salary costs for implementing the new structure.

Study Process (cont.)

Remaining:

- ❑ Administration of an employee appeals process.
- ❑ Develop of a new performance evaluation system.
- ❑ Provide draft and final reports.
- ❑ Revise/provide job descriptions utilizing existing descriptions and input from employees' JATs.

Employee Outreach Summary

General Feedback:

- ❑ City provides good employee benefits.
- ❑ City's existing salary ranges are below its peers.
- ❑ Interest in linking pay increases to individual performance.

Current Conditions

Reviewed the current pay system:

- Step-based pay plan with pay range spreads of 56%
- Plan has 16 steps with 3% increments
- Not all pay grades/ranges are utilized/occupied

Analyzed the distribution of employees' salaries across the current pay ranges:

- Employees' salaries are clustered below the existing midpoint

1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
60.9%	22.5%	9.3%	7.3%

Midpoint

Compensation Philosophy

Key elements of the City's compensation philosophy:

- Desired Market Position → **Competitive at Market Average**
- Pay Practices → **Equitable, Flexible**
- Pay Plan Design → **Open-Range (No Steps)**
- Pay Increase Methods → **Transition to Performance-Based**

Classification Review

- Reviewed employee input;
- Determined internal equity;
- Made appropriate title change recommendations.

Compensation Review

Conducted a public sector salary survey; collected salary range data from 18 peers; analyzed external (market) equity:

Peer Data Collected
Baltimore, MD
Bowie, MD
Frederick, MD
Gaithersburg, MD
Hagerstown, MD
Hampstead, MD
Hanover, PA
Laurel, MD
Rockville, MD
Sykesville, MD
Taneytown, MD
Carroll County, MD
Baltimore County, MD
Frederick County, MD
Howard County, MD
York County, PA
Carroll County Public Schools
Carroll Community College

Compensation Review (cont.)

Collected public sector salary range data for 54 benchmark classifications (subset of all) and compared the data at the average of market:

Benchmark Classifications	Differential at the Range Minimum	Differential at the Range Midpoint	Differential at the Range Maximum
Overall Average	-11.6%	-13.6%	-13.7%

Midpoint is typically considered "market" as employees receiving pay at this point should be proficient and satisfactorily performing the duties of their classification.

* *Results do not indicate that all benchmarks (classifications) were ahead or behind.*

Compensation Review (cont.)

Conducted a benefits survey and collected data from 8 peers for comparison:

Peer Data Collected
Bowie, MD
Gaithersburg, MD
Hampstead, MD
Hanover, PA
Sykesville, MD
Carroll County, MD
Howard County, MD
York County, PA

- The City's benefits structure is generally comparable to these peers.

Proposed Pay Plan

*New, competitive **open-range** plan:*

- **Pay grades:**

  Current: 17 Proposed: 19

- **Range spreads:**

  Current: 56% Proposed: 60%

- Easy to administer, flexible

Grade	Minimum	Midpoint	Maximum
105	$ 26,132	$ 34,033	$ 41,934
106	$ 28,222	$ 36,755	$ 45,288
107	$ 30,480	$ 39,696	$ 48,911
108	$ 32,918	$ 42,871	$ 52,824
109	$ 35,881	$ 46,730	$ 57,578
110	$ 39,110	$ 50,935	$ 62,760
111	$ 42,630	$ 55,519	$ 68,409
112	$ 46,467	$ 60,516	$ 74,566
113	$ 50,649	$ 65,963	$ 81,277
114	$ 55,207	$ 71,899	$ 88,591
115	$ 60,176	$ 78,370	$ 96,565
116	$ 65,592	$ 85,424	$ 105,255
117	$ 71,495	$ 93,112	$ 114,728
118	$ 77,930	$ 101,492	$ 125,054
119	$ 85,722	$ 111,641	$ 137,559
120	$ 94,295	$ 122,805	$ 151,315
121	$ 103,724	$ 135,086	$ 166,447
122	$ 114,097	$ 148,594	$ 183,092
123	$ 125,506	$ 163,454	$ 201,401

Implementation Plan

- Individually assigned a pay grade (range) for each classification based on both internal and external equity results.
- Some pay ranges increased, some remained relatively the same.
- Prepared options and cost estimates for implementing the proposed pay structure.

Implementation

- Multiple options presented to City
- City elected phased implementation
- First implementation phase:
  - 2% across the board salary increase for all benefited staff
  - Bring employee salaries to new minimums as required
    - first phase cost = **$247,673**
    - # employees who would receive adjustments = 91
- Future implementation phases:
  - Address compression (tenure based) issues

* *Cost estimates are salary only and do not include the cost of benefits.*

Next Steps

- Communicate study results to employees.
- Administer an employee appeals process.
- Review pay practices; revise as necessary to align with compensation philosophy, be fiscally responsible, and be competitive with peers.
- Revise job descriptions.
- Develop a new performance evaluation system.
- Administer and maintain the new plan; make pay grade/range adjustments as necessary.
- Conduct a comprehensive study every three to five years.

Discussion

- Questions?