



ALLEGANY COUNTY, MARYLAND

Office of The Board of County Commissioners

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BOARD OF COMMISSIONERS

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September 21, 2017

The Honorable Brian K. Grim and Council Members
City of Cumberland
57 N. Liberty Street
Cumberland, MD 21502

Dear Mayor Grim and Council Members:

The Board of Commissioners of Allegany County is in receipt of your letter dated September 18, 2017 regarding various public service issues and a request for financial and operational considerations across the board. We will take this opportunity to address each one of the points raised in your correspondence and provide you with feedback. We must preface our comments with the restatement that the County's revenue estimates for both property tax and income tax are relatively flat. At the same time, costs associated with funding public education, healthcare, maintaining roads with only a small share of highway user funds we once enjoyed, requires us to also make painful decisions. As such, our capacity to assist the City is limited.

With regard to EMS, the County has taken steps to expand its EMS program to meet growing demands. Additional county personnel were recently put into place to address the cessation of the Frostburg Area Ambulance organization. In the coming months, additional personnel will be hired to serve areas East of Cumberland to reduce demands currently placed upon the City. We welcome future discussions with the City relative to the consolidation of services on EMS and in other areas that could potentially eliminate the duplication of services for the taxpayers. It is important to emphasize that the County will not enter into any expansion of services with the City on EMS until such time a clearly defined revenue stream is available to adequately cover the expenses associated with the expanded service. Using fund balance resources without a clearly defined revenue source long term, is not acceptable.

Regarding the County funding additional law enforcement inside the City on a 24/7/365 basis, funding is also a consideration. We estimate the cost to be well in excess of \$500,000 per year for personnel only to provide the service you request. The City's municipal charter authorizes the hiring of law enforcement personnel, and the residents of Cumberland are granted a differential on their city tax bills to offset the city's investment for these services. Again, making a commitment to expand the Sheriff's Road Patrol without a clearly defined source of new revenue would not be prudent, and the assignment of any new personnel existing or proposed is not a function of our Board, that responsibility lies with the Sheriff.

On the question of tax differential, the City and County are currently operating under the latest circuit court decision rendered in 2004. As defined by State Law and the court's ruling, the differential only pertains to the level of duplicative services provided by the County and each municipality that is supported by property tax revenue. We are not opposed to discussing the financial impacts of our citizens paying for duplicative services. Each and every year during our public budget meeting we outline for the taxpayers the number of services the County is obligated to pay for, that the municipalities don't pay for. These services account for over sixty-one million dollars of the County's General Fund budget. For purposes of clarification, we have attached a portion of our approved FY 2018 Budget that displays a list of entities and services that all the Citizens of Allegany County derive a benefit from that are paid for by County government, not the municipalities.

The County will take your request to provide funding for paving Seton Drive and Bishop Walsh Drive under advisement. It is important to note, that municipalities across the state have had larger portions of their highway user funds returned than was returned to the counties. Allegany County has been forced to budget with the loss of over four million dollars of HUR over the past eight years. In lieu of setting a precedent to support such a large paving project, we would like to discuss with the City the prospect of County crews working within the City for a defined period each summer to apply chip seal coating on low volume roads. A recent partnership with the Board of Education provided us the opportunity to allow crews to chip seal parking areas and access roads at both Washington and Braddock Middle Schools. The cost savings to the BOE was substantial. A chip seal application can be done for a fraction of the cost of paving, and it is certainly better than having no maintenance completed at all which is what is taking place now. We believe that over time, many City residents would appreciate having some of their low volume roads and byways improved beyond their current condition.

We will take your position on the soon to be vacated Allegany High School property into consideration. It would be optimal to have the property redeveloped and contributing to the tax base of both the City and County. Community interest in the property will also be carefully evaluated by the County. Any further discussion on this topic is premature, as the Board of Education is still evaluating the need to retain portions of the property for "educational purposes".

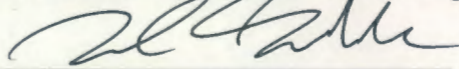
The City's reference to the County's Fund balance has been noted, and we thank you for recognizing our efforts to live within our means as commendable. As publicly reported during our budget development process, the County maintains the minimum level of fund balance suggested by both the Government Finance Officers Association, and the Government Accounting Standards Board. Funds in excess of the amounts desired have been used most recently to cover the funding shortfall for the new Allegany High School, and to reduce the amount we needed to borrow to upgrade all public safety agencies in the County with new state of the art radios for migration to the new state radio frequency. Of the five million the county recently borrowed to fund the purchase of the equipment, 20% of the new debt will be used to install radios in firetrucks, ambulances, and police cars owned by the City of Cumberland. We will not apologize for being responsible stewards of the taxpayer money. As such, we are accustomed to being targeted for our business-like decisions from entities that are not responsible for paying the debt on large capital projects obligated to us by the State on behalf of multiple agencies.

We would like to return to the opening paragraph in your letter that discussed Cumberland's unique challenges. Mayor Grim has made the difficult observation on numerous occasions that the City today has twice the amount of public infrastructure it needs to support its current population. That indeed makes for a difficult set of variables particularly when the tax base of the City is declining. For the record, it must be clearly stated, that cities all across the nation are facing very similar challenges.

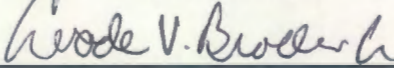
No entity, whether public or private relishes reducing or eliminating services. Unfortunately, if you do not have money to sustain the programs you now have in place, asking County government to be the solution without structural change on the City's part will only jeopardize the County's financial wellbeing and delay inevitable changes for the City. The recent tax increase is only a bandage on a much larger problem. Your letter to us only begs the observation on our part that it is now time for the City to begin a formal assessment on the need to retain its' municipal charter. In the interim, we will continue to encourage our staff to meet with city staff to discuss opportunities for consolidation and collaboration.

Sincerely,

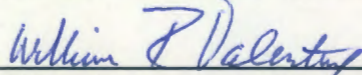
The Board of Commissioners of Allegany County



Jacob C. Shade, President



Creade V. Brodie, Jr., Commissioner



William R. Valentine, Commissioner



ALLEGANY COUNTY

ADOPTED BUDGET FISCAL YEAR 2018

GENERAL FUND

Services Not Provided by Municipal Government

SERVICE	DOLLARS	%
Board of Education	30,424,308	35.0%
Detention Center	7,684,507	8.8%
Allegany College	7,630,550	8.8%
Debt Service On Services	2,935,594	3.4%
911	2,383,330	2.7%
State's Attorney	1,487,396	1.7%
Health Department	1,462,385	1.7%
Allegany County Library	956,975	1.1%
HRDC (Senior Citizen Centers)	744,946	0.9%
Election Office	732,014	0.8%
Other Health Services Programs	716,966	0.8%
Tourism	544,112	0.6%
County Fair & Ag Expo	520,298	0.6%
Transit Operation	384,507	0.4%
Animal Control	375,918	0.4%
Circuit Court Master Program	368,131	0.4%
Domestic Preparedness	309,814	0.4%
Airport	230,000	0.3%
Emergency Management	204,512	0.2%
Alternative Sentencing Program	195,939	0.2%
Solid Waste Recycling	186,827	0.2%
Home Detention	161,980	0.2%
Agricultural Extension Agent	153,333	0.2%
Liquor Board	119,610	0.1%
Soil Conservation	111,545	0.1%
Family Law Master	81,659	0.1%
Haz Mat	69,513	0.1%
Some 27 Services For 70.4% of Budget	61,176,669	70.4%
Total General Fund Budget	86,897,607	

Note: Services above represent primary services and is not all-inclusive.