

RESOLUTION NO. 20-14

A RESOLUTION OF THE COMMISSIONERS OF CAMBRIDGE, MARYLAND REQUESTING THE ASSISTANCE OF THE MARYLAND MUNICIPAL ASSOCIATION IN SECURING LEGISLATIVE SUPPORT FOR THE ADOPTION OF ENABLING LEGISLATION DESIGNED PROVIDE CITY LEADERS ALTERNATIVE REVENUE OPTIONS TO MAINTAIN LOCAL PUBLIC SAFETY SERVICES.

WHEREAS, the City of Cambridge (the “City”) has the need to sustain millions of dollars in fire safety service apparatus; and

WHEREAS, the Commissioners of Cambridge want to sustain a quality, high level police force in Cambridge; and

WHEREAS, Cambridge wants to retain quality police officers in a competitive labor environment; and

WHEREAS, the Commissioners of Cambridge hereby adopt this Resolution to formally support the adoption of state enabling legislation allowing local governments the option to establish service fees on local utilities to generate funds for the acquisition of fire apparatus, the adoption of a police service fee to generate additional funds for police services, and the adoption of a mechanism whereby hiring agencies reimburse the agency responsible for training the workers they hire.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF CAMBRIDGE, that the city commission endorses the attached legislative proposals and requests the full support of the Maryland Municipal League in working toward the passage of said enabling legislation by the Maryland Legislature.

AND BE IT FURTHER RESOLVED, that the effective date of this Resolution shall be July 13, 2020.

ATTEST:

THE COMMISSIONERS OF CAMBRIDGE

Patrick C. Comiskey
City Manager

BY: _____
Victoria Jackson-Stanley
Mayor

Adopted the 13th day of July, 2020
Effective the 13th day of July, 2020

Proposal to Add a New Revenue Source for Police Officer Wage Costs

Possible Name: Police Service Fee (PSF)

Challenge: Police officer wages are growing around the region and the city needs to find a way to sustain competitive wages. The Property Tax is the major source for additional resources. In 2019, the city increased property taxes by five (5) cents in order to meet the demands of rising police wages. We want to find another revenue source to support officer pay increases.

Proposed Solution: Set up a Police Service Fee (PSF) on every dwelling and business in the community. The PSF would be added to the monthly utility bill sent to utility customers inside the city limits. The revenues collected from the PSF will be restricted to a separate account within the city general fund for the sole purpose of paying police officer salaries/wages, wage taxes, and benefits.

Police Service Fee (PSF): Possible service fee structure and an example of how much revenue might be generated.

Note: These figures are estimates for how the service fee structure might work.

One thought is to apply a square foot charge for commercial customers. The commercial fees per month show what would be generated if an average commercial fee was \$25 per month. We might have an alternative rate for manufacturing customers.

Police Service Fee

Inside City Limits	# of Accounts	Fee per Month	# of Months	
Residential Accounts	4,197	\$5	12	\$ 251,820
*Commercial	578	\$25	12	173,400
*Manufacturing	13	\$100	12	15,600
Municipal	60	\$0	12	
Total				440,820

2020 Projected Police Wages (Only) \$ 2,568,511

Note: * Estimates based on the average size of the building

For example: Walmart would pay more than the Doller Store

Logic: The city is limited in revenue options. A service fee provides an added option.

Proposal to Add a New Revenue Source for Fire Truck Replacements

Possible Name: Fire Truck Replacement Fee (FTRF)

Challenge: The city needs an ongoing funding mechanism for replacing Fire Trucks. The Fire Service Company has a total of six (6) fire trucks with the provided replacement cost estimate.

1. Ladder Truck, one (1) truck	\$1,500,000 x 1 = \$1,500,000
2. Engine Truck, four (4) trucks	\$ 650,000 x 4 = 2,600,000
3. Rescue Truck, one (1) truck	\$1,000,000 x 1 = 1,000,000
4. Rescue Boat, one (1) boat	\$ 400,000 x 1 = <u>400,000</u>

Total Replacement Cost Estimate	<u>\$ 5,500,000</u>
New Truck Life Estimate of 30 years	30 years

Estimated Minimum Annual Revenue Need	\$ 183,334/year
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Note: This is the optimal; however, two trucks are over 25 years of age. We will need to start with a more realistic annual revenue number of \$313,538.

Proposed Solution: Set up a Fire Truck Replacement Fee (FTRF) assigned as percentage of the water sales charges, sewer sales charges, and septic waste sales charges. The proposed initial percentage rate will be 5%. The FTRF will be added to every water and sewer bill both inside and outside the city limits. The revenues collected from the FTRF will be restricted to a separate account within the city general fund for the sole purpose of purchasing fire trucks.

Revenue Collections based on the following 2020 Revenue Estimates

Water Sales	\$2,163,692
Sewer Revenue	3,577,313
Sanitary #4	103,234
Sanitary #1	213,000
Sanitary #3	32,691
Sanitary # 7	108,345
Horn Point	20,500
Septic Receipts	52,000
Total	\$6,270,775 x .05 = \$313,538

Logic: All business and residents utilizing water and sewer services of the city are also benefiting from the presence and availability of the Fire Service Company fire trucks.

Proposal to Require Local Governments to Pay-Out Service Contracts on Police Officer Hires when the Officer Works for Another Maryland Local Government

Challenge: City governments are hiring police officers and paying to send them to the police academy for several months. The officers sign contracts to reimburse the city if they leave within a specified time frame, typically on a pro-rata basis. The city is forced to seek enforcement of the contract when the officer leaves prior to the completion of her/his contract obligation.

Proposed Solution: Set up a rule at the state level that requires a local government or state agency to pay out any obligation a new hire has with a prior Maryland local government.

Logic: The hiring agency benefits by avoiding the cost of training a new police officer so reimbursing the police agency who paid for the training seems fair.