



TOWN OF BERLIN, MARYLAND

Office of the Mayor

May 28, 2021

Vice-President Burrell and Councilmembers Knerr, Orris, Purnell, and Nichols,

Per the Town of Berlin's Charter Art. III, Sec. C3-11., Veto., I am exercising the veto authority granted to the Mayor to veto the amended budget approved by the Council on Monday, May 24, 2021, regarding Ordinance 2021-02: Approving the FY22 Budget as Submitted. Below you will find an explanation of my disapproval of this ordinance required by the Town of Berlin's Charter Art. III, Sec. C3-11., Veto.

Community Center Feasibility Study and Planning

Within my proposed budget, I included \$27,500 for a feasibility study and community planning associated with constructing a new community center on Flower Street. As many of you are aware, the Multipurpose Building on Flower Street has fallen in disrepair. For over 20 years, a new community center has been discussed and promised to the Berlin community. Year after year, the discussions begin and end with the mantra "it can wait until next year." To better position the Town of Berlin for state and grant funding, it is imperative that we have an up-to-date feasibility study and an understanding of our community's needs.

Within my proposed budget, the expenditure of \$27,500 (01-5100-5255) is offset directly by an advancement from the community center reserve fund (01-4001-3871). This expenditure has no impact on the financial position of the Town of Berlin. It only serves as a mechanism to leverage future funding opportunities for a vital project within our community.

Strategic Plan

The Town of Berlin has operated without a financial and capital strategic plan for almost four years now. Within that same timeframe, our fund balance has been depleted from nearly \$8 million in 2012 to \$16,000 when I took office as Mayor. It has never been more vital for our town to have a strategic plan to serve as a guiding document as we rebuild our town's fund balance and determine the priority of capital investment.

I have requested up to \$16,500 (01-5100-5255) for a long-term strategic plan within my proposed budget. This would include meetings with key stakeholders and employers, discussions with the public, and meetings with staff and elected representatives. All of this would culminate into a living document where the public, staff, and elected representatives could track and benchmark current and future spending.

Technology in the Mayor's Office

Purchasing a laptop for the Mayor: The previous Mayor had a town-owned laptop to access town-related information securely. Following the election, this device was sold to the previous Mayor without my knowledge or authorization. Understanding the current financial position of the town, I requested to either have the financial software installed on my personal computer or for the ability to access the software through a VPN or cloud-based server. On April 29, 2021, I was informed by Deputy Town Administrator Mary Bohlen that "Installation of town licensed software or access to such software directly on a personal device is not permitted per town policy." Mary recommended remoting into my assistants' computer, which would not allow either of us to work simultaneously or purchase a replacement of the laptop sold to the former Mayor. Therefore, I have requested up to \$2,500 (01-5000-5700) for the replacement laptop and the necessary accessories. This expense is similar to what you see across all other departments.

The requested laptop is a necessary piece of equipment for the Mayor to execute the following duties required by the town Charter. The Town of Berlin's charter Art. IV, Sec. C4-4 (E): Powers and duties states,

"The mayor shall have complete supervision over the financial administration of the town government. He shall prepare or have prepared annually a budget and submit it to the council. He shall supervise the administration of the budget as adopted by the council. He shall supervise the disbursement, receipt and investment of all moneys under guidelines as the council may set from time to time. He shall have control over all expenditures to assure that budget appropriations are not exceeded."

Based on the Mayor's job description provided above and specified within the Town Charter (Art. IV, Sec. C4-4 (E): Powers and duties), I am incapable of fulfilling my duty as Mayor without adequate access to the town's financial software.

Purchasing a laptop for the Mayor's Assistant: Throughout the budget process, I have worked side-by-side with department heads to craft our FY22 proposed budget. With regard to technology and computer replacements, I have asked each department to consider the impacts of the COVID-19 pandemic on productivity. I have also asked them to envision ways to help mitigate the future effects of not being able to work together from Town Hall or their respective workstations. One of the issues that presented itself during this dialogue was the inability to work remotely since workstations only offer desktop PCs. To ensure the continuity of government during times when we cannot work together at Town Hall, I asked department heads to consider which of their workstations should be transitioned to laptops with docking stations. This will help mitigate service impacts associated with storms, pandemics, and other

times when we cannot all come together in a traditional way. It would also help increase productivity for staff liaisons who serve on boards and commissions and increase collaboration on projects.

With this being said, as the department head of the Mayor's office, I have requested the opportunity to replace my assistant's desktop PC, which is scheduled for replacement, with a laptop and docking station (01-5000-5700). I am disappointed that out of all of the conversions within the FY22 budget from traditional desktop PCs to laptops and docking stations, the only ones that have been removed are from the Mayor's Office.

GIS Locator

The Town of Berlin is a town filled with aging infrastructure that far exceeds its useful lifespan. When I was first elected as Mayor, and before beginning the FY22 budget process, I went around to every department and met with each department head. During our conversation, I asked what their short and long-term needs entailed. During my discussion with Water Resources, the need for accurate mapping of Town infrastructure arose. After speaking with an employee leading the Town's GIS integration, it became evident that our town lacks an accurate understanding of its existing infrastructure. Additionally, we have no way of indicating infrastructure components that need to be replaced geographically.

Despite the need for GIS mapping of infrastructure within the three water resources utility funds, the GIS mapping tool will also benefit the electric utility. Therefore, in my proposed FY22 budget, I asked for the cost of the GIS mapping equipment to be spread evenly across all four of our utility funds (10-5600-5255; 20-5700-5255; 24-5800-5255; 30-5030-5255).

Salary Increases

Over the course of the FY22 budget, I faced a difficult decision regarding the request for raises from our department heads. After careful evaluation of the town's financial position, it became evident that the Town of Berlin could not afford to provide raises in FY22 without putting the town's finances in jeopardy.

In the general fund, several capital improvements such as street projects, vehicle acquisitions, and travel costs were postponed to maintain an adequate contingency fund balance in the event of unforeseen expenditures or under-collected revenues. The Council's decision to increase salaries by 1.5% comes at a total cost of \$103,634.29 of which, \$62,913.48 came out of the general fund contingency, leaving less than three days of operating expenditures within our contingency fund.

Additionally, as I mentioned during our utility fund work session, the Sewer Fund is not projected to sell enough equivalent-dwelling units (EDUs) to cover the debt service during FY22. Before the Council decided to provide a 1.5% salary increase, there was a potential for the fund to close in the negative by \$66,744. With a 1.5% salary increase, the fund could potentially close in the negative by \$79,982.51.

However, I also believe that it is important to note that despite not funding raises in my proposed FY22 budget, I did fund additional money within our healthcare expenditures to cover the cost increases associated with employee health insurance. This increased healthcare funding will ensure that our employees' portion of their healthcare costs remains unchanged during FY22.

For further analysis regarding the impacts of the Council's decision to increase salaries by 1.5%, please see attached Table 1.

Vehicle Allowances

Under the previous administration, three employees were given a "Vehicle Allowance," which compensated them for their drive from home to work and work back home. These are the only employees on the Town of Berlin's payroll compensated for travel to and from work. One employee is a department head who works entirely from Town Hall. Another employee has access to a town-issued vehicle for work-related travel. The third employee is not a department head and works entirely from Town Hall. The total cost of these vehicle allowances on the general fund is \$11,714 each fiscal year (01-5100-4545; 01-5120-4545; 01-5440-4545).

In my proposed FY22 budget, I did not believe that it was a financially responsible practice to continue to fund this benefit. I also believe that it is not financially responsible to add the value of this benefit to all three of the employees' salaries because, in September 2020, the previous Mayor granted a total of \$8,500 in pay increases between two of the three affected employees.

Cell Phone Reimbursements

Working through the FY22 budget, I noticed that the Town of Berlin provided a \$50.00 per month cell phone reimbursement to 69 employees across the general fund and our four utility funds despite whether the employee worked solely from a workstation or entirely out in the field. With this being said, I set out to determine a more equitable and cost-effective way for reimbursing employees for the use of their personal devices for Town-related business.

During this analysis, I came across research that suggested a more fair and equitable reimbursement rate would be \$36.17 per month for employees working entirely in the field. Furthermore, I heard from department heads that manage employees who work entirely from a workstation that their staff sometimes utilize their cell phones for Town-related business. To ensure that employees who work entirely from a workstation are compensated for their town-related cell phone use, I suggested reimbursing each of those employees at 25% of the base rate of \$36.17. However, since we are still working through the operational challenges associated with the COVID-19 pandemic, I proposed in my FY22 budget to fully reimburse the cost of every employee's cell phone use at a level of \$36.17 per month. I also did not include funding to pay for cell phone reimbursements for elected officials.

When the Council amended my proposed budget, they increased the monthly reimbursement rate for all employees from \$36.17 per month to \$50.00 per month and increased the number of employees receiving the reimbursement by five to include reimbursements for elected officials. The total increased cost of the Council's amendment to my proposed budget is \$13,624.

For further analysis regarding the impacts of the Council's decision to increase the rate of cell phone reimbursements and the number of employees that receive them, please attached Table 2.

Tree Trimming

Initially, when I was presented with the department head requests from the electric utility, there was a request for "Tree Trimming," but the electric utility did not have enough revenue to cover the project's cost. When I asked for further explanation regarding the request for tree trimming, I was informed that this was a request to trim back tree limbs that have grown dangerously close to the main power line feeding the Town of Berlin. Understanding the vulnerabilities of our area with hurricanes, Nor'easters, and high winds, I knew this project was in critical need of funding.

By phasing out the unnecessary property tax line item from the electric utility, we were able to invest in more infrastructure projects to create a safer and more reliable electric grid for the people of Berlin. Electric Utility Director Tim Lawrence informed me that with \$20,000, the electric department could work to trim back these dangerous tree limbs. Unfortunately, the Council voted to reduce the allocation for tree trimming by \$5,000, placing our entire town's electric service in jeopardy (10-5620-5200).

Replacement Truck

Throughout the FY22 budget process, I asked department heads to justify each of their expenditure requests and to tie the input of taxpayer money to an output or service that their department provides. When I asked the Public Works department head to justify the need to replace a truck within their department, there were two reasons provided for the replacement. The first was the age of the vehicle, and the second was that with the new vehicle, they could plow snow more quickly. Although I acknowledge that it is important for the Public Works department to clear snow in the winter in a timely manner, I believe that our current fleet of vehicles are capable of plowing average snowfall for our area with the assistance of State Highway for FY22, which is why the vehicle was not funded in my proposed budget.

Conclusion

I want to conclude this veto message by saying that I firmly believe that there is more within the roughly 700 line-items of the FY22 budget that brings the Mayor, Council, employees, residents, and the business community together than the few but consequential differences outlined above. I am confident that over the next couple of weeks, we can continue to have constructive dialogue about ways we can pass a financially responsible FY22 budget together.

However, I want to make it known that the first time that I saw Councilmember Knerr's document with a list of amendments was during the Mayor and Council meeting on Monday, May 24. Throughout this budget process, all of you have requested more communication and time to review documents before discussing them in an open session. For a body that has been so vocal about the need for increased communication, I would have appreciated the same respect you are requesting from me.

Please understand that I have spent months working in conjunction with our department heads to create a budget that is balanced, financially responsible, and with an eye toward Berlin's future. Throughout this budget process, I have also had to make hard decisions to help place the town on a firmer financial footing. At each point throughout the budget process, I asked myself what is in the best interest of our residents, business community, employees, and the people that visit our town. I attempt to remove the emotion from the decision-making process and try to think as analytically as possible. Throughout this document, you have been presented with the facts as I have received them and the analysis that went into making each decision outlined above.

I ask that you please take the time to consider the power of your vote and how the changes proposed on Monday, May 24, will impact all of the people within our community.

Respectfully,

Zack Tyndall, Mayor

CC:

David Gaskill, Town Attorney

Jeff Fleetwood, Town Administrator

Natalie Saleh, Finance Director

Table 1

**Difference Between Mayor's Proposed FY22 Budget and the Council's Amendments:
Salary Increases**

| Difference between Mayor's Proposed FY22 Budget and Council's Amendments | | | | |
|---|--------------------------------------|-----------------|----------------------------------|-----------------|
| GENERAL FUND | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Keeping Salaries at FY21 Rate | | With 1.5% Increase | |
| | Salary | FICA | Salary | FICA |
| Elected Officials | \$ 52,500.00 | \$ 4,016.25 | \$ 52,500.00 | \$ 4,016.25 |
| Mayors Assistant | \$ 27,647.40 | \$ 2,115.03 | \$ 28,342.73 | \$ 2,168.22 |
| Administration | \$ 303,626.06 | \$ 23,227.39 | \$ 311,262.26 | \$ 23,811.56 |
| Economic Development | \$ 90,550.98 | \$ 6,927.15 | \$ 92,828.34 | \$ 7,101.37 |
| Finance | \$ 185,608.80 | \$ 14,199.07 | \$ 190,276.86 | \$ 14,556.18 |
| Customer Accounts | \$ 123,406.40 | \$ 9,440.59 | \$ 126,510.07 | \$ 9,678.02 |
| Police | \$ 1,041,000.00 | \$ 79,636.50 | \$ 1,067,181.15 | \$ 81,639.36 |
| Police Part-Time | \$ 10,281.60 | \$ 786.54 | \$ 10,540.18 | \$ 806.32 |
| Public Works | \$ 70,000.00 | \$ 5,355.00 | \$ 71,760.50 | \$ 5,489.68 |
| Sanitation | \$ 119,100.80 | \$ 9,111.21 | \$ 122,096.19 | \$ 9,340.36 |
| Streets | \$ 240,678.40 | \$ 18,411.90 | \$ 246,731.46 | \$ 18,874.96 |
| Planning and Zoning | \$ 111,861.88 | \$ 8,557.43 | \$ 114,675.21 | \$ 8,772.65 |
| Total | \$ 2,376,262.32 | \$ 181,784.07 | \$ 2,434,704.94 | \$ 186,254.93 |
| Total with FICA | | \$ 2,558,046.39 | | \$ 2,620,959.87 |
| Total Cost of Council Amendments to the Tax Payer | | | \$ 62,913.48 | |
| ELECTRIC | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Keeping Salaries at FY21 Rate | | With 1.5% Increase | |
| | Salary | FICA | Salary | FICA |
| Electric Administration | \$ 102,454.82 | \$ 7,837.79 | \$ 105,031.56 | \$ 8,034.91 |
| Power Plant | \$ 57,969.60 | \$ 4,434.67 | \$ 59,427.54 | \$ 4,546.21 |
| Power Distribution | \$ 553,924.80 | \$ 42,375.25 | \$ 567,856.01 | \$ 43,440.98 |
| Total | \$ 714,349.22 | \$ 54,647.72 | \$ 732,315.10 | \$ 56,022.11 |
| Total with FICA | | \$ 768,996.94 | | \$ 788,337.21 |
| Total Cost of Council Amendments to Electric Customers | | | \$ 19,340.27 | |
| WATER RESOURCES | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Keeping Salaries at FY21 Rate | | With 1.5% Increase | |
| | Salary | FICA | Salary | FICA |
| Water Administration | \$ 124,639.58 | \$ 9,534.93 | \$ 127,774.27 | \$ 9,774.73 |
| Water Treatment | \$ 47,070.40 | \$ 3,600.89 | \$ 48,254.22 | \$ 3,691.45 |
| Water Distribution | \$ 64,792.00 | \$ 4,956.59 | \$ 66,421.52 | \$ 5,081.25 |
| Sewer Administration | \$ 106,834.78 | \$ 8,172.86 | \$ 109,521.67 | \$ 8,378.41 |
| Collection System | \$ 64,792.00 | \$ 4,956.59 | \$ 66,421.52 | \$ 5,081.25 |
| Treatment Plant | \$ 146,432.00 | \$ 11,202.05 | \$ 150,114.76 | \$ 11,483.78 |
| Spray Site | \$ 170,916.80 | \$ 13,075.14 | \$ 175,215.36 | \$ 13,403.97 |
| Stormwater | \$ 64,230.40 | \$ 4,913.63 | \$ 65,845.79 | \$ 5,037.20 |
| Total | \$ 789,707.96 | \$ 60,412.66 | \$ 809,569.12 | \$ 61,932.04 |
| Total with FICA | | \$ 850,120.62 | | \$ 871,501.15 |
| Total Cost of Council Amendments to Water, Sewer, and Stormwater Customers | | | \$ 21,380.53 | |
| Total Increase Over Mayor's Proposed Budget | | | \$ 103,634.29 | |

Table 2

**Difference Between Mayor's Proposed FY22 Budget and the Council's Amendments:
Cell Phone Reimbursement**

| Difference between the Mayor's Proposed FY22 Budget and the Council's Amendments | | | | |
|---|--|--|--|--|
| GENERAL FUND | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$36.17 per month | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$50.00 per month |
| Elected Officials | 0 | \$ - | 6 | \$ 3,600 |
| Mayors Assistant | 1 | \$ 434 | - | \$ - |
| Administration | 4 | \$ 1,736 | 4 | \$ 2,400 |
| Finance | 3 | \$ 1,302 | 3 | \$ 1,800 |
| Customer Accounts | 3 | \$ 1,302 | 3 | \$ 1,800 |
| Police | 14 | \$ 6,076 | 14 | \$ 8,400 |
| Public Works | 1 | \$ 434 | 1 | \$ 600 |
| Streets | 5 | \$ 2,170 | 5 | \$ 3,000 |
| Sanitation | 3 | \$ 1,302 | 3 | \$ 1,800 |
| Planning and Zoning | 2 | \$ 868 | 2 | \$ 1,200 |
| Economic Development | 2 | \$ 868 | 2 | \$ 1,200 |
| Total | 38 | \$ 16,492 | 43 | \$ 25,800 |
| Total Cost of Council Amendments to the Tax Payer | | | | \$ 9,308 |
| ELECTRIC | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$36.17 per month | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$50.00 per month |
| Electric Administration | 1 | \$ 434 | 1 | \$ 600 |
| Power Plant | 1 | \$ 434 | 1 | \$ 600 |
| Power Distribution | 8 | \$ 3,472 | 8 | \$ 4,800 |
| Total | 10 | \$ 4,340 | 10 | \$ 6,000 |
| Total Cost of Council Amendments to Electric Customers | | | | \$ 1,660 |
| WATER RESOURCES | | | | |
| | As Proposed by the Mayor | | As Amended by the Council | |
| | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$36.17 per month | Number of Employees Receiving Reimbursement | Annual Reimbursement at \$50.00 per month |
| Water Administration | 1.5 | \$ 651 | 1.5 | \$ 900 |
| Water Treatment | 1 | \$ 434 | 1 | \$ 600 |
| Water Distribution | 1.5 | \$ 651 | 1.5 | \$ 900 |
| Sewer Administration | 1.5 | \$ 651 | 1.5 | \$ 900 |
| Collection System | 1.5 | \$ 651 | 1.5 | \$ 900 |
| Treatment Plant | 3 | \$ 1,302 | 3 | \$ 1,800 |
| Spray Site | 4 | \$ 1,736 | 4 | \$ 2,400 |
| Stormwater | 2 | \$ 868 | 2 | \$ 1,200 |
| Total | 16 | \$ 6,944 | 16 | \$ 9,600 |
| Total Cost of Council Amendments to Water, Sewer, and Stormwater Customers | | | | \$ 2,656 |
| Total Increase Over Mayor's Proposed Budget | | | | 13,624.00 |