



City of Seat Pleasant

Office of the Interim City Manager

February 7, 2022

The Honorable Vice Mayor Shireka McCarthy, Council Member at-Large
The Honorable Monica Higgs, Vice President of the City Council. Council Member Ward 1
The Honorable Hope Love, Council Member Ward 2
The Honorable Kizzie Scott, Council Member Ward 3
The Honorable Gerald Raynor, Council Member Ward 4
The Honorable Gloria Sistrunk Council Member Ward 5
The Honorable Kelly Porter, Council Member -at-Large

Dear Vice Mayor McCarthy and Councilmembers:

I am pleased to provide to you the Annual Report for calendar year 2021 as required and mandated by the City Charter. Despite numerous challenges that we faced during the past year we have overcome many adversities. Although there are challenges that still must be met, I am confident that the staff will persevere, and those challenges will be met successfully. Just a year and a half ago in 2020, the city had to borrow money to meet its obligations for the construction costs overruns related to the renovation of city hall and the EJD (i.e., public works facility). I reported at that time to the council that the original approved budget was inflated at 12M. The budget was amended to 9M, but this was after the city had been spending more than it was receiving in revenue. There were staff turnovers in the finance department with no department head that had significant municipal government or accounting experience to turn this pattern around.

To compound the situation, the city had to furlough employees and terminate others as a direct result of the Coronavirus Pandemic. But we made it through.

To highlight a few of the accomplishments, the city paid off the line of credit in 2021. There was only one draw down on the line of credit to pay the balance owed to the construction contractor for the work that had been completed to date. The city is in a much better financial position today than it was approximately 18 months ago. It still must remain diligent and cautious, particularly when it comes to subscription services, vehicle maintenance, and unnecessary spending. I have implemented multiple spending freezes in an exercise of caution, particularly as it relates to the revenue reduction period that occurs each spring through the fall. The Finance Department has worked with the entire government to ensure that departments stay within budget, assign the appropriate cost centers for expenditures, and reinstated the purchase requisition procedures to maintain the necessary documentation for account payables to support the audit requirements.

My office was finally able to obtain the remaining assets from SPICE, LLC, which took almost three years. We successfully obtained numerous grant awards totaling over several million dollars for various improvements in the city, the most notable and visible is the recent grants to remove blighted properties and replace them with affordable single-family homes. The renovations of the city hall and EJD facilities took much longer than anticipated and there have been numerous problems with various building components that took some time to get resolved. There have been numerous delays to the re-opening of city hall related to this but also due to the COVID-19 pandemic. Staff were exposed to the virus, and the result was that the city facilities (including the police department) had to be shut down and professionally disinfected six times.

The major challenge facing the city today is finding replacements for the city manager and chief financial officer positions. We are hoping that this will be accomplished within the next three weeks. In addition, the city has three audits to complete for Fiscal Year 2020, 2021, and 2022 between now and November 2022. We have had some setbacks in this effort, the most recent of which is the disengagement of the past auditor to complete the work for FY 2020 due to the sudden departure of its principal partner and staff persons that worked with the city to complete the FY 2019 audit.

While there are challenges that remain ahead, I believe the staff are up to the task. Attached you will find more detail related to the information above, and some statistical data from the various departments.

It has been my honor to serve as your city manager from 2016 to 2020, and your interim city manager from 2020 to the present.

This will be my final report to you. I appreciate each of you that have supported me during the past six years. Without your support and dedication, the city would not have been able to reach the strides it has. I wish the city much success as it moves forward to achieve even higher awards.

Sincerely,

Jeannelle Branson Wallace

Jeannelle Branson Wallace
Interim City Manager

HIGHLIGHTS OF ACCOMPLISHMENTS

City Clerk

- Drafted, completed, and received approval for twenty-seven ordinances and resolutions
- Billed 102 businesses and collected **\$1,159,518.62** in Business Personal Property tax income.
- A total of seventy-six city council meetings were held and the clerk prepared, edited, and reviewed minutes for these meetings
- Received 41 Public Information Act Requests for the period January - December 2021
- The city has vacancy in the office of the mayor and the clerk has advertised for the position in October 2021. The position was re-advertised in January 2022 with the hopes of appointing a mayor for Seat Pleasant in the spring.

PUBLIC SAFETY

- Calls for service increased 54% from 11,352 to 17,563 from 2020-2021
- Arrests for criminal, warrant, traffic/DUI, and emergency petitions increased from 201-436
- Report from UCR offenses overall decreased 17.8%
- Traffic data (due to annexation of Central Avenue increased by 116.22% with four fatalities in 2021
- Reportable incidents increased by 84.62%

ENVIRONMENTAL JUSTICE

- \$106,646.40 was spent in waste management (trash removal)
- Four abatements were accomplished in ward five
- One Abatement in ward one
- \$5,127 spent in yard waste
- \$8,667 spent in recycling (fees charged to the city equal \$27 per ton); tonnage totaled 321 tons for the year
- A cleaning company was contracted to service the restrooms at Goodwin Park
- Tree Inventory was completed

ADMINISTRATION

- Responded to over 2,000 emails for the period from citizen complaints, litigation, annual reports due to the County and State, personnel issues, budget amendments, budget preparation, audit documentation, department personnel

issues, review of grant applications, contracts, approval of vehicle repairs, subscription expenditures, staff training, newsletter content, and to review potential development and design ideas for the Martin Luther King, Jr., Highway.

- The department worked with economic development, city clerk, and a former police sergeant as well as the city attorney on the annexation of Central Avenue; despite neighboring jurisdiction opposition this department suggested hosting a press conference to alert the media and others to the positive impact that the police department has had on the traffic corridor in terms of reducing DUI's, fatalities, carjackings, etc. Surrounding public safety agencies including the County PD, State Troopers, and DC Metropolitan PD are excited that SPPD took over the traffic responsibilities of this roadway which is heavily traveled on a daily basis.
- The city manager requested that MDOT conduct a traffic engineer study along the corridor to determine the impact SPPD has had on Central Avenue; the district engineer for MDOT was more than happy to do so.
- The manager also reviews all grant applications, including editorial reviews and revisions to text; this includes the review, edit and approval of all ARP funding and projects. All projects must meet the eligibility criteria established by the federal grantor.

GRANTS MANAGEMENT

Source	Funded	Not Funded	Pending
Federal	\$ 4,668,159.48		
State:	\$ 589,895.00	\$ 60,000.00	
County	\$ 0.00		\$ 454,750.00
Total	\$5,258,054.48	\$ 60,000.00	\$ 454,750.00

FEDERAL

- American Rescue Plan (ARP)
 - Seat Pleasant received an allocation of \$4,688,159.48 under ARP for COVID-19 relief activities.
- Environmental Protection Agency (EPA)-Targeted Brownfield Assessment Program
 - EPA received additional funding for this program and identified the Addison Station Brownfield located in Seat Pleasant as a priority candidate.
 - Required criteria documentation has been submitted

STATE

- DHCD-National Capital Strategic Economic Development Grant FY 20: Demolition of 420-69th Pl.
 - Balance \$722.90 expenditure still pending. Assistance requested from Program representative
 - 3rd quarter report approved by the state
- DHCD -National Capital Strategic Economic Development Grant FY 21: \$500K for construction of two affordable houses
 - No funds expended to date. Construction RFP pending completion of architect and construction documents from MAHT Grant (See below)
 - 3rd quarter report approved by the State
- DHCD- Community Legacy FY 19 - Revitalization of affordable housing
 - Grant close-out report submitted to the state
- DHCD- Community Legacy FY 22: Revitalization of Goodwin Park
 - Received a \$40,000 “operating” award for the engagement and design support services for the revitalization of Goodwin Park by the Neighborhood Design Center (NDC). The project would be done in phases:
Phase 1 – Engagement and Design
Phase 2- Permitted Design(s)
Phase 3 – Implementation

- DHCD -Maryland Affordable Housing Trust Grant
 - Virtual community charrette held to view designs for 420 69th Pl. and 6224 Foote St.
 - Construction documents due for RFP March 30, 20224
- MD-DHCD Operating Assistance Grant-
 - To contract a landscaping architect firm to design attractive landscaping steps and grading design to address standing water. \$60,000
 - Not funded
- MD-DNR- Community Parks & Playground Program FY 20
 - No activity.
 - Progress report approved by the State
 - Activity should resume this Summer
- Governor's Office of Crime Control and Prevention (GOCCP)
 - Gun Violence Prevention - \$24,375.00
 - Police Recruitment & Retention - \$25,520
 - Chesapeake Bay Trust- Conservation Corps Program
 - No student match received

PG COUNTY

- PG-CDBG -PY 47R - Additional funds for the construction of affordable houses \$450,000.
 - Additional funds requested due to rising construction cost due to COVID-19
 - Award announcements pending
- Chesapeake Bay Trust- Stormwater Stewardship Program
 - grant submitted for homeowner rain barrel installations by students from Central High School for Community Service hours. \$4,750.00
 - Award announcements pending

FINANCE DEPARTMENT

See attached spread sheet for details of expenditures for the first two quarters of FY 2022

The department is diligently working on the details for the FY 2020 audit including accounts payable, accounts receivables, reconciliations of all account, journal entries, finance statements, and trial balance. What has compounded the difficulty with preparing for the audits is the continual transition of employees over a five- year period. It is anticipated that a CFO will be selected within the next two weeks that should bring some assistance to the finance team in terms of forecasting, expenditure projections, and budget preparation. Fortunately, the city has done well within the

past year with financial management. There is still a need to curb expenditures particularly in cases where the city has been extravagant in the past. An example of this is when the city spent thousand of dollars for events that were poorly attended by the community. Since the onset of the pandemic and the elimination of events, the city has reduced many of these unnecessary expenditures. The cancellation of conferences has also helped to curb expenditures in conference fees and travel expenses. Once the pandemic is over and/or normalcy returns, the city will need to look at revisiting these costs.

Other factors that still need to be considered is setting aside in the budget funding for the city's investment/reserve account that was basically depleted during FY 2018, 2019, and 2020 with the establishment of SPICE. The revolving housing program also depleted the city's reserves although seven vacant and blighted properties were purchased and put back onto the city's tax roster. The city will have to seriously look at what it can do to decrease the property tax rate even if only by one or two cents during the next fiscal year. Another fiscal consideration will be to create a fund for the sworn officer staff once the grants have expired to ensure that the staff is sustained beyond the grant period.

The Vice-Mayor has requested the staff to research the possibility of joining Maryland State Retirement for the staff and possibility the elected officials for the next fiscal year. If the city pursues this, it is estimated the cost could be upwards of 1.2 million dollars. The minimum amount that employees will be required to contribute per pay period will be 7% of their salary. The city will be required at its own expense of \$6,500 to pay for a preliminary actuary and another amount for a final actuary of the employee demographics. The city will also be required to match the contribution by 7% for each employee as well. The Maryland State Retirement system is responsible for approval the city's application which is not automatic.

SPICE

The Seat Pleasant Investment Corporation Enterprise. LLC (SPICE) was established as a public/private partnership with the city to assist with investment opportunities for the city and identify and seek potential investors for the city. The corporation was set up without any autonomy, management, or oversight by the city. The board members established their own by-laws, and other than a couple of conferences and travel expenses they utilized city funds to pay their salaries for meetings they attended with investors. The city approved to provide them with start-up funds of \$600,000 which was anticipated that the city's investment as the sole owner and stockholder would potentially increase. Any investment is risky, but even more so when the owner has no control or input over the investment. Ultimately, \$208,000 was returned to the city manager and the city attorney. These funds have been deposited into the general operating account and will be deposited into the city's investment/reserve account. SPICE, and the subsidiary corporations of the Arts Culture and Technology Center, LLC, The Housing Trust Fund, LLC, and Center for Government Synergism, LLC., are all in forfeiture for not filing the required annual tax reports for three years.

PUBLIC ENGAGEMENT

In addition to being responsible for production of the newsletter and posting updated information on all the city's communication outlets, this department is also responsible for transportation of the city's senior population and others in need of transportation for medical appointments and trips to the nearest grocery. Critical information that is required to be disseminated quickly is also the responsibility of this department. The manager spearheaded along with the staff assistant and the city clerk, the re-design of the city's website. She will also be responsible for ensuring that the A/V equipment is installed in the council chambers and video equipment is ready for future live broadcasting of the council meetings and major events sponsored and hosted by the city.

It was anticipated that that cable stations would be available for city live and taped broadcasts as well, however the pandemic has delayed the ability to complete many tasks due to a backlog getting materials shipped.

HUMAN RESOURCES

This department is responsible for posting job advertisements, payroll, preparing for and hosting the benefits fair for city employees, ensuring that the best possible benefits are provided to staff. The manager is responsible for ensuring that all labor laws are adhered to in terms of hiring, and that position announcements are posted timely, and that in-house promotions are fair and consistent with city policy. The manager is also responsible for ensuring that everyone follows the policies and procedures established and approved by the city council via the Personnel Policy and Procedures Manual.

The department handles all matters concerning the Maryland Unemployment Insurance program including hearings involving terminations and resignations. The department also handles all matters concerning Chesapeake Employer's Insurance program that evaluates, approves, or denies all compensable work-related injury claims. The manager ensures that benefits and deductions are handled appropriately, and that personnel matters remain confidential. Personnel action forms, employee evaluations, disciplinary actions, and promotions are maintained in a confidential file within the department. The city currently has a total of sixty-seven employees.

Additional information is provided by various departments as attachments to this report.

End of report