

WORK SESSION AND EXECUTIVE SESSION – January 18, 2011

Mayor R. E. Bruchey, II called this Work Session and Executive Session of the Mayor and City Council to order at 4:02 p.m., Tuesday, January 18, 2011, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers W. M. Breichner, M. E. Brubaker, F. W. Easton, A. C. Haywood, L. C. Metzner; City Administrator Bruce Zimmerman, City Attorney John Urner, City Attorney Mark Boyer and City Clerk D. K. Spickler.

WORK SESSION – January 18, 2011

Redevelopment of the Hospital Site Presentation

Sharon Disque, Chamber of Commerce Co-Chair, was present to provide information about the Hospital Redevelopment Task Force recommendations.

The goal of the task force is to prepare the framework for redevelopment of the Hospital property as a catalyst for downtown revitalization. The following assumptions were made:

1. Demolition of the main hospital; probable demolition of Pangborn Hall
2. Owner prefers a sale within two years
3. Meritus has a fiduciary responsibility to recover value from the property
4. Community wishes to avoid creation of a blighted area

The Task Force created a matrix of possible uses gauging tenant demand, competing space, risk, partnerships and public acceptance. Based on the matrix, they determined that recreational and institutional uses would be the most realistic.

Objectives include:

1. Increase assessed and market values of this and adjacent properties
2. Maximize economic development opportunity (job creation)
3. Create a destination that enhances the quality of life for the residents of Hagerstown and Washington County
4. Control the future redevelopment through third-party, non-profit ownership of the properties

The task force recommends conducting a re-use study, to include a strategic plan. The study would:

1. Define the scope of work, to include interviews with community reps, a market evaluation, conceptual alternatives, financial feasibility and project management.
2. Seek funds for the study immediately. (EDA/ARC, property owners, MD DHCD, local government.)
3. Integrate stormwater management and reforestation in the conceptual design to maximize developable area.

4. Identify fringe parcels to be sold in the near future that will have little or no impact upon a larger redevelopment plan.
5. Define the boundaries of the project area, reflecting a scale in which success is attainable.

In order to gain control of the property, several options are available. The property could be transferred to a third-party non-profit organization, to assure that future development achieves the greatest benefit to the community. The real property taxes could be abated for the non-profit owner while awaiting development. This would result in a no net loss to the community, since the hospital was tax-exempt.

Relevant public and private sector investment could be used to enhance the value of the property by:

1. Demolishing the buildings for which there is no immediate use.
2. Expand the Enterprise Zone boundary to include the hospital property.
3. Preserve infrastructure and utility allocations (water, sewer, electric, broadband, gas, streets).
4. Re-zone parcels to allow mixed-use, after completing the strategic plan.
5. Evaluate the feasibility of retaining the parking garage, and possible transfer of management to local government.

Local government (City and County) opportunities could be used to encourage redevelopment. This would:

1. Create public improvements that will enhance private development.
2. Investigate use of land-use controls to position the property more competitively with Greenfield sites.
3. Identify “shovel ready” components within the greater redevelopment project, to capture unique funding opportunities.
4. Prioritize redevelopment of the site in each organization’s budget.
5. Coordinate City and County funding requests when applying to State and Federal programs.

Realistic expectations for the pace of redevelopment have to be established. This will be a multi-year project. If the community does not implement a strategy, then market forces will lead to development that does not achieve job creation, investment, and community revitalization goals.

Tim Troxell, Director of Economic Development Commission, stated the most common question is why they are considering demolition. Demolition is being pursued because there has been no other interest in the property.

Councilmember Breichner indicated people have suggested using the facility for a veteran’s home.

Ms. Disque stated a decision was made to build a new hospital because the facility does not work as a hospital. The holding costs for the old hospital could be \$ 1,000,000 for the first year.

Councilmember Brubaker asked where the full capital recovery for Meritus is. He also asked why Meritus would not be putting up the money for the study.

Ms. Disque stated there has been some discussion of Meritus transferring the property and receiving payment at a later date. If Meritus continues to hold the property there would be pressure to sell at the property for the highest price, no matter what the cost to the community.

Mr. Troxell stated Meritus is not a developer. The Task Force determined they would not be expected to be the developer.

Ms. Disque indicated a re-use study is estimated to cost between \$ 50,000 and \$ 75,000. If a user is not found, Meritus has to demolish the building within one year. The hospital will be dismantled beginning in the spring.

Jim Hamill, President and CEO of Meritus Medical Center, indicated something has to happen with the old facility by December 11, 2011. Some equipment has been moved to the new hospital. There will be a series of auctions with the remaining equipment. Meritus does not want to leave a white elephant behind. They want to see the property used for something positive. He believes there is a better way to use the land than dividing it up.

Ms. Disque stated there are 16 acres immediately adjacent to downtown, which creates a great opportunity. If public input is not included in a re-use plan, an opportunity is missed. This study will be the opportunity to include voices from many parts of the community.

Councilmember Easton asked what the property is worth before the building is demolished. Ms. Disque indicated a value has not been determined because it would depend on the use of the property.

Preliminary Agenda Review

Consent Agenda

- A. Hagerstown Police Department: Training Ammo – Lawmen Supply Company (Dover, DE) \$ 10,008.00
- B. Wastewater Department: 2011 Chevrolet Panel Truck - Criswell Chevrolet, Inc. (Gaithersburg, MD) \$ 15,597.00

Councilmember Breichner asked if prices were obtained from local dealers. Donnie Barton, Wastewater Division Manager, stated this is a State bid and is lower because of volume pricing. This price is valid for a short time only and the next lowest price is \$ 18,000. This vehicle was scheduled to be replaced three years ago and has reached the end of its useful life.

C. Water Department: Water Meters – L/B Water Service, Inc. (Chambersburg, PA)
\$ 59,673.60

D. Public Relations and Marketing Department: Open Containers Law Exemption for Western Maryland Blues Fest (June 2, June 3, and June 4, 2011 and Augustoberfest (August 27 and August 28, 2011)

Approval of a Resolution: Acceptance of Dedication Offer for Streets in Hager's Crossing

Jim Bender, Assistant City Engineer, stated the City has always contemplated accepting these streets upon their completion. The streets were designed and constructed per the Public Ways Construction Standards. The Engineering Department's inspection staff monitored the construction, and "As-Built" drawings are on record and are acceptable.

Staff recommends that the Mayor and Council accept these streets into the public road system, conditioned upon receiving a one-year maintenance surety per the Subdivision Ordinance. City staff will then begin maintenance of the roadway.

It was the general consensus to accept the streets.

Approval of Conveyance of City Property – Osborne Avenue

Jim Bender, Assistant City Engineer, was present to discuss conveyance of City property on Osborne Avenue. In the 1920's, the City purchased a strip of land along Osborne Avenue for future sanitary sewer construction. The sanitary sewer system was eventually constructed in a different location, and this strip of land was no longer needed for a public purpose. In 1961, the City prepared drawings that would be used to transfer this land to the adjoining property owners; while one portion of this strip was transferred, there is no record that the other two transfers were ever executed. The current owners of one of the affected properties have now requested that the portion of this "unneeded" City land adjacent to their property be transferred to them.

Councilmember Brubaker asked where the curb line is. Mr. Bender stated it is in the street, from the right-of-way which runs through the front yards.

Mr. Bender stated Mr. Urner's research showed that the original parcel had a fee of \$ 100 for the transfer. Mr. Urner stated the Mayor and City Council may want to consider charging for the transfer. Councilmember Breichner stated the owner will have

to pay for the deed and filing costs. Mr. Urner stated the cost to the City would be minimal.

It was the general consensus to move forward with transferring the property on Osborne Avenue to the remaining two property owners.

This completed the preliminary agenda review.

Mr. Urner left the meeting.

Vehicle and Equipment Purchases

Eric Deike, Manager of Public Works, and Alfred Martin, Budget Officer, were present to discuss vehicle and equipment purchases.

Staff recognized the implications of the coming economic situation for the City and began to make adjustments to the budget two years ago. Those adjustments included the deferral of vehicle and equipment purchases in the fiscal years 2009/2010 and 2010/2011. Staff currently recognizes that deferral of vehicle purchases will probably occur for at least one more year. This is a short term solution and is simply not sustainable over the long haul.

Multiple discussions have taken place among all the general fund departments to determine which vehicles can continue to be deferred and which cannot. Consideration was given to the condition of the vehicles/equipment, current repair costs, future repair costs and staffing levels. It was determined that only three departments need to make purchases for a very select group of vehicles and equipment.

Public Works is looking to replace one backhoe and one riding mower. Parks need to replace one small dump truck, one riding mower, one gator and purchase two new attachments for their existing skid loader in lieu of replacing a tractor. Hagerstown Police Department is looking to replace two police cruisers.

Funding for these purchases would come from three sources. The first is \$ 90,000 in CIP vehicle replacement funds carried over from previous fiscal years. The second source is \$ 100,000 in a CIP contingency fund for vehicle replacement in the current fiscal year. The final source of funds would be \$ 150,000 in vacancy savings to be transferred into the CIP fund from the General Fund to increase the CIP vehicle contingency fund. Available funds equal \$ 340,000.

The estimated costs for the replacement vehicles and equipment would be \$ 255,000, leaving an estimated \$ 85,000 from other future contingent vehicle purchases if needed this fiscal year or next.

Staff recommends moving forward with replacing these units as soon as possible. The individual purchases would still be per the City's purchasing policies and brought back to the Mayor and Council for formal approval.

Councilmember Breichner asked if the Hagerstown Police Department would be using the State bid prices. Mr. Deike indicated they would.

Councilmember Haywood asked where the funds for salvaged vehicles go. Alfred Martin, Budget Director, indicated the funds normally are placed back in the department. Councilmember Haywood thinks the City should avoid transferring funds from vacancy savings into a vehicle replacement fund.

Mr. Zimmerman stated vehicles haven't been purchased for two years and staff is looking how to save money and still purchase needed, necessary equipment.

Councilmember Breichner asked that local suppliers be given the opportunity to bid on the vehicles. Mr. Martin stated local dealers could be contacted.

Councilmember Easton asked if the City has looked at used vehicles. Councilmember Breichner stated that has never worked out. Mr. Martin stated the City typically uses all the life left in a vehicle. Mr. Deike stated there are also issues with limited warranties with used vehicles.

Councilmember Brubaker supports the purchase of these vehicles in order to save the higher maintenance costs.

Mr. Zimmerman stated there will not be a vehicle replacement line in the proposed budget.

It was the general consensus to put these vehicles out for bid. Local dealers will be encouraged to bid.

Ethics Commission Appointment Process

The Mayor and City Council reviewed the process for appointing members of the City's Ethic Commission. The Mayor and Council recently adopted legislation establishing a City Ethics Commission.

The Commission consists of five members, serving five year terms. Two members are to be nominated and appointed by the Mayor, two members appointed by the Mayor from candidates nominated by the Council and one member appointed by the Mayor from candidates nominated by the City Administrator. The first group will serve staggered terms. It was suggested that the members designate their terms.

Councilmember Metzner recommended submitting names for consideration during an executive session in February.

Mark Boyer, City Attorney, stated the Mayor makes the appointments but only the nominations submitted by the Mayor are reviewed by the Council. The two nominations submitted by the Council and the nomination submitted by the City Administrator are appointed by the Mayor but not approved by the Mayor.

It was the general consensus to issue a press release asking for applications from interested citizens. An executive session will be scheduled for February 22, 2011, prior to the Regular Session.

Department Review – Department of Community and Economic Development

Mayor Bruchey stated he will be attending another meeting but will return. Mr. Lestitian stated a focus group is meeting at 5:15 in preparation for a grant application. This is the meeting the Mayor will be attending.

John Lestitian, Department of Community and Economic Development (DCED) Director, and members of the department were present to provide an overview of the department.

The Leadership Team stated the presentation is framed in the context of the current economic conditions, and the impact of these conditions on businesses, neighborhoods and residents. Mr. Lestitian, Karen Giffin, Director of Community Affairs, and Kathleen Maher, Planning Director, provided the presentation.

DCED was created a little more than six months ago. Planning, Code Administration, Economic Development, Community Development and Community Affairs were combined to create this department. There were 35 employees at that time. Now, there are 24. This has had a significant impact on the department and on staff individually. The charge is to successfully tackle many of the serious issues which we collectively face. The synergy of the previously disconnected efforts is taking shape. It is clear to staff that regulation, community development initiatives, resident involvement, neighborhood support and community events are foundational building blocks for sustained development and redevelopment.

The Department's efforts are guided by the recently adopted strategic plan, the Comprehensive Plan, the Community Development Consolidated Plan and the department's mission statement – Enhancing the Economy, Image and Quality of Life in Hagerstown. The Department's mission supports and assists the city in fulfilling its vision of being the location of choice for a diverse and dynamic citizenry.

With every decision, staff asks if this enhances the quality of life. The reality of the economy has to be considered. There is high unemployment, reduction of the assessable base, poverty, and foreclosures. The impact on neighborhoods and citizens is significant. There are good things happening, even during this difficult economy. To be more competitive, changes are being made to streamline permitting processes. The members

of the department are working to create synergy between the functions. They want to provide opportunities for citizens to be involved in the community.

The Department is developing a tactical plan for each of the areas. They are enhancing the economy by recruiting and facilitating the location of new businesses and development. A good example of this initiative is the PEP program. This helped leverage rehabilitation investment into the City.

Part of a successful recruiting effort is to be the most reasonable and flexible place to conduct business in the region. Staff is looking to consolidate the permitting process, by applying and paying in one place. The front offices for Planning and Code will be consolidated. There will be dual trained inspectors. They want to make sure there is a rapid approval process in place.

Investments in the city need to be protected with sustainable businesses. This includes retention of existing businesses, implementing training programs and celebrating sustainable businesses. Creative solutions to rezoning have been used for challenging properties. The City acquired the former Revco/CVS building and 140 S. Potomac Street to facilitate this. Staff is looking for ways to reduce the negative impact of surrounding buildings with strategic acquisitions.

Since 2002, 34 properties were annexed. Several of these annexations were large, i.e. Stonehouse Square, Light Business Park, Lowe's Distribution Center, Collegiate Acres. Staff will explore what would be strategic annexations for the City to get to high impact properties.

Many special events are held throughout the year. This attracts many people to the City. The Convention and Visitors Bureau estimates BluesFest alone brings an additional \$ 2.5 million to the City for one weekend in June. The City Market attracts 800 people each week. Staff is considering an outdoor market through the week this summer and the possibility of one on Sundays. The Department assists with planning and revitalization strategies, such as the municipal stadium. Fundraising efforts for events exceeded \$ 100,000. Approximately \$ 120,000 worth of in-kind services contributions were made.

To increase the image of Hagerstown, neighborhoods, parks and streetscapes will be enhanced. Some existing programs that promote the image are the Adopt-A-Planter initiative and the Hagerstown Beautification awards.

Staff will ensure new development and rehabilitation projects have high quality design, like the CVS at Longmeadow. There are many landscape and pedestrian requirements to provide quality designs. The regulations for landscaping are being reviewed. Property owners are being encouraged to maintain their property in order to preserve Hagerstown's image.

The City's assets are being promoted. More than 100 people have participated in the City's Neighborhood College. Mayor and Council meetings are broadcast several times

per week. The Department is embarking more on social networking and mobile working. Efforts are being made to locate and/or expand arts, culture, and educational organizations in the City Center. During the next few years, the City's image will be enhanced through tourism, as the sesquicentennial celebration of the Civil War approaches.

Quality of life will be maintained by ensuring new development and adaptive re-use projects have quality design. Staff is looking at different requirements for some of the "mansion" style homes, regulations for smaller lot sizes in specific zoning districts, and better site design for multi-family developments.

The neighborhoods and citizens have to be protected from influences that can harm their quality of life. Staff is working with banks to make sure they do not abandon their maintenance responsibilities. They are working with irresponsible owners who have a negative impact on the community. Community partners are being sought to find solutions with conditions. Rental licensing was implemented to protect residents. As new development occurs, the City has to make sure it doesn't have a negative impact on the existing neighborhood.

The volunteer program will be enhanced and efforts will be made to increase community pride and participation.

The Department is focusing on attracting investment, reinventing ourselves, reasonable regulations, empowering neighborhoods and neighborhood organizations. Mr. Lestitian indicated this group is a good team that is positive and creative that is continually developing. He thanked the Mayor and Council for their support of this department.

Councilmember Metzner (acting as chair in the Mayor's absence) thanked the members of the Department of Community and Economic Development for this presentation.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember M. E. Brubaker thanked staff for the presentation. The City faces a number of challenges, both within and from outside. He appreciates staff determining ways to deal with the challenges that lie ahead. He thanked the citizens who serve on the Boards.

Councilmember W. M. Breichner had no additional comments.

Councilmember F. W. Easton had no additional comments.

Councilmember A. C. Haywood thanked the members of the Neighborhoods 1st groups who were present to hear the hospital presentation.

Councilmember L. C. Metzner also thanked members of the boards.

EXECUTIVE SESSION – January 18, 2011

On a motion duly made by Councilmember M. E. Brubaker and seconded by Councilmember A. C. Haywood, the Mayor and City Council unanimously agreed by voice vote to meet in closed session to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State, #4 at 5:36 p.m. in the Council Chamber, 2nd Floor, City Hall, Hagerstown, Maryland. The following people were in attendance: Councilmember W. M. Breichner, Councilmember M. E. Brubaker, Councilmember F. W. Easton, Councilmember A. C. Haywood, Councilmember L. C. Metzner, City Administrator Bruce Zimmerman, John Lestitian, Department of Community and Economic Development Director, Deborah Everhart, Economic Development Director, and Donna K. Spickler, City Clerk. The meeting was held to discuss an update to a business incentive. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 6:05 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: February 22, 2011