

WORK SESSION AND EXECUTIVE SESSION – April 3, 2007

WORK SESSION – April 3, 2007

Mayor Robert E. Bruchey, II called this Work Session and Executive Session of the Mayor and City Council to order at 4:05 p.m., Tuesday, April 3, 2007 in the Council Chambers at the City Hall. Present with the Mayor were City Council Members M. E. Brubaker, K. S. Cromer, L. C. Metzner, P. M. Nigh, and A. Parson-McBean, City Administrator Bruce Zimmerman, City Attorney John Urner, City Attorney William Nairn, City Attorney Mark Boyer and City Clerk D. K. Spickler.

Antietam Creek Watershed Alliance (ACWA)

Donna Brightman and Emilie Cooper, Department of Natural Resources, were present to provide a presentation on the need to cleanup and enhance the entire length of the Antietam Creek in Washington County. They are hoping to gain support from the community. They are also seeking to secure collaborative partners in order to establish a non-profit 501c(3) status. They are not seeking funding at this time.

RC & D Watershed/DNR is working with the newly formed Antietam Creek Watershed Alliance (ACWA) to develop a strategic plan of action to revitalize the historic Antietam Creek along its entire length. Antietam Creek has the potential to make a huge contribution to tourism, recreation, historical education, scientific knowledge, economic development and the restoration of the Chesapeake Bay.

A major goal of this initiative is to encourage the formation of an Antietam Creek Collaborative. With public support from the County Commissioners, a working group of local businesses, national, state, and local agencies, non-profits, community groups, schools, Mayor and Council members, and contiguous landowners could work together for the benefit of Washington County and the Antietam Creek.

Ms. Cooper is the lead person for writing a state grant which will fund the professional evaluation of this watershed. Public education and awareness about the Antietam Creek Watershed needs to change. Preservation of the Antietam Creek Watershed should be considered during discussions of projects with the City and with the County.

Ms. Cooper will be providing this information to the Kiwanis Club (who previously discussed a project with the Mayor and Council).

Councilmember Metzner left the meeting.

Budget Overview

Bruce Zimmerman, City Administrator, stated the Mayor and City Council received a comprehensive proposed budget, prepared by Staff, by March 31, 2007.

No property tax rate increase is included in the FY 07/08 budget. The budget also reflects the 5% cap on assessment increases for owner occupied residential properties, as approved by the Mayor and Council in 2006.

In accordance with Mayor and Council direction nine additional firefighter positions are included in this budget. To assist in balancing the General Fund, these positions are scheduled for a February 1, 2009 hire date.

Consistent with Mayor and Council's desire to increase public safety personnel, this budget reflects the addition of two new police officer positions. This brings the total sworn personnel in police to 107, compared to 88 in FY 93/94.

There are no non-safety full-time positions added to this budget.

An 8.5% sewer rate increase for in-City customers and a 16% sewer rate increase for City customers outside of the City are proposed to fund the capital upgrades and operations of the wastewater treatment and collection systems to meet regulatory and environmental standards.

There is no proposed rate increase in water. Expenditures in the Water Fund have been scaled back and the addition of five new Water and Sewer staff positions have been postponed.

There is no proposed rate increase in City Light. There is no General Fund subsidy in the utility budgets.

Federal Community Development Block Grant funding remains basically at the same level, with an FY07/08 entitlement grant of \$ 962,490 compared to \$ 974,767 in the current year.

This Budget reflects the implementation of the second year of the Springsted Compensation Study as approved by Mayor and Council last year and subsequently included in the approved collective bargaining agreements with the labor unions. Health insurance costs are anticipated to increase by 13%.

The Proposed Budget includes an extensive Capital Improvement Program (CIP) totaling \$ 54,982,385. This includes \$ 27,539,400 for general CIP Fund projects and \$ 27,442,985 for Enterprise Fund projects. A number of funding sources were utilized, including utility service charges, developer contributions, Federal and State grants, General Fund revenues, County funding, the excise tax revenues, and bond financing. The debt service expenditures remain within industry standards and comply with the City's policies.

Growth has significantly impacted the City of Hagerstown's budget in the past, and looking forward, the City will need to continue to consider growth in the budget preparation. Balance will have to be maintained between the infrastructure demands of

growth with available resources. Avoiding the loss of a disproportionate share of population growth and private investment to suburban fringe development will also be important to Hagerstown. The City needs to be sensitive to the fact that the increased cost of housing has created strain for many residents at a time when they are experiencing higher costs for many other goods and services.

Mayor Bruchey suggested scheduling time during the April 17, 2007 meeting to discuss the proposed budget. He asked the Council to review the proposed budget and address questions to Mr. Zimmerman or Mr. Martin prior to that meeting. Suggestions and recommendations from the Council will be addressed at the April 17, 2007 meeting.

The tentative date for a budget public hearing is May 1, 2007. Copies of the budget are available for review in the City Clerk's Office, the Washington County Library and at the City of Hagerstown's website.

Deadlines for Building Permits for Revitalization Projects

Kathleen Maher, Planning Director, and Rodney Tissue, City Engineer, were present to discuss a request by the developer of a Hagerstown redevelopment project for an extension on his building permits and a proposal by staff for a new standard for building permits on revitalization projects.

By City Code, building permit applications are voided after six months if the applicant has not paid all the fees associated with the permit and/or picked up the permits. Exceptions are made by Permits & Inspections staff if the applicant has done everything required of them on the permits, but the permits are on hold because the City is waiting for infrastructure to be installed or because sewer allocation is not yet available through the Sewer Capacity Allocation Program (SCAP).

Tim Doreen, South Mountain Builders, has requested an extension to the impending deadline for receipt of the outstanding building permits at Old Trail Estates (redevelopment of Charlton Brothers Trucking at Jefferson/Fridinger Avenue). Mr. Doreen's project has been delayed due to unexpected soil situations at this old industrial site, the slow dispersal of sewer approvals through the SCAP, the market slowdown, and consumer doubt over the market strength of this project's neighborhood. Since he is now adapting the units at this project for first-time home-buyers of modest means, Mr. Doreen needs to keep the costs down on his project. Mr. Doreen's concern is that if his permits are voided, his project will be subject to the new County excise tax of \$ 13,000 per unit (rather than \$ 1,500 per unit under the old rate) which could raise the price of his units beyond the means of the buyers interested in his development.

Staff suggested an amendment to the City Code that would allow building permits to be extended for revitalization projects which the staff feels are important for the health and prosperity of the city. Staff feels that in certain circumstances, such extensions may be warranted given the complexity of redevelopment projects which can lead to delays. In addition, it would be appropriate to provide some level of protection to such projects

from unforeseen external taxing changes which could make the project unfeasible and lead to its abandonment.

In order to address this revitalization issue and the flexibility desired on permitting activity for complicated urban revitalization and redevelopment projects, staff is proposing the following new standard for the City Code:

The City Engineer and the Planning Director may approve an extension beyond six months to building permit deadlines for construction projects that revitalize any property in the C3 zoning district or redevelop old commercial and industrial properties in the City. The time period of the extension shall be at the discretion of the City Engineer and the Planning Director.

The City Attorney has reviewed this policy issue and indicated he saw no legal impediment to the proposal. Mr. Urner has philosophical issues with the policy proposal, however.

Councilmember Cromer stated every developer and applicant must be treated equally. Mayor Bruchey stated every project is not the same and each should be considered on its own merits. He suggested that each project be considered by the Mayor and City Council.

City Attorney John Urner believes the only valid reason to assign an extension for this project is for the slow dispersal of the sewer allocation. The Mayor and Council has the following four legal options when considering this type of request:

1. Obligation to treat everyone the same
2. The vagueness of the standards and what it applies to
3. The principal that governments change their minds and the risks of that change has to fall to the citizens
4. Granting an extension makes the City a stakeholder in the project

He recommended extending the time limit for everyone.

Councilmember Parson-McBean stated the Mayor and City Council needs to be able to promote the revitalization of Hagerstown. Each project should be reviewed on an individual basis.

Councilmember Brubaker stated there may be a SCAP rationale for this particular project.

Mr. Zimmerman stated the vitality of the City is important. Staff will provide other options to address this, based on the comments from the Mayor and City Council.

Councilmember Nigh is concerned that homes in this development may have soil contamination issues. Michael Spiker, Director of Utilities, indicated the soil was not contaminated. It was fill and not suitable for building.

Smart Growth A&E District – Boundary Expansion

On March 13, 2007, the Mayor and City Council reviewed a proposal to expand the boundaries of the Smart Growth A&E District program in Hagerstown. The goal was to include additional areas of modest-sized housing to increase opportunities for usage of the property tax credit for creation of artist housing and income tax subtraction for artists living in the County and selling their products (or performing their talents) in the Smart Growth A&E District.

At the meeting, the Mayor and City Council requested additional information regarding the submitted materials, specifically the advantages/disadvantages analysis.

The advantages for a North and East Expansion include:

1. Adds inventory of affordable properties of varying sizes, including the Alms House
2. Compact Area
3. Creates a new north/south corridor
4. Does not compete with commercial space on unit block of South Potomac Street

The disadvantages include:

1. Extends beyond Enterprise Zone boundaries
2. Includes three zoning designations, C3, R2 and R4

The tax credit applies to conversion of commercial and industrial property to residential property. The area was chosen to minimize the competition in the entertainment area base and to provide affordable housing. Other areas could have been included, but there were several additional zoning districts involved.

It was the general consensus of the Mayor and City Council to pursue expansion of the Smart Growth A&E District program. The next step in the process will be to approach the Washington County Commissioners.

Grant Requests for CIP Projects to Appalachian Regional Commission

Kathleen Maher, Planning Director, was present to request permission for Staff to submit a request for capital grant funds from the Appalachian Regional Commission to assist with four Capital Improvement Program (CIP) projects in the City's draft budget for Fiscal Year 2008:

1. Eastern Boulevard Extended (07-606) - \$ 500,000
2. Northwest Connector Bridge (07-735) - \$ 500,000

3. West End Fire Station (07-730) - \$ 500,000
4. North End Fire Station (07-731) - \$ 500,000

The Appalachian Regional Commission (ARC) has grant funding available to assist with capital projects in Western Maryland that will help upgrade job skills, create and retain jobs, enhance economic development opportunities, address serious health issues, and stimulate construction or rehabilitation of housing for low- and moderate-income residents. In Washington County, we are eligible for grants for up to 30% of project costs with 70% of the project being provided by a local match. The maximum grant amount per project is \$ 500,000. The Tri-County Council prioritizes the grant requests and recommends projects for funding. Typically, projects sit on the priority list for a couple of years before funding is available. The deadline for submitting grant requests this year is April 14, 2007. The Washington County Planning Department is the clearinghouse for the county.

Staff recommends that the maximum amount possible be requested in capital grant funds from ARC for the four CIP projects listed above. All four projects are recommended in the draft 2007 Comprehensive Plan and staff feels that adequate cases could be made for each project in meeting the program goals of the ARC. In addition, the projects are for out-years in the CIP which would provide time for movement up the Tri-County Council's prioritization list. The local match for the projects would be as planned in the City's draft CIP.

It was the general consensus to submit a grant application for these four projects.

Hagerstown Beautification Advisory Committee

The Planning Department recommends that the City establish a Hagerstown Beautification Advisory Committee that will be advisory to the Mayor and City Council, a resource to Staff and an advocate to the community.

This will be a committee of volunteers who donate their time and efforts to the City of Hagerstown to enhance the overall appearance of the community by beautification and instill a sense of pride and personal responsibility that will result in an improvement of the City for its citizens and visitors.

Kathleen Maher, Planning Director, and Melissa Hynes, Planner, recommended that the Beautification Advisory Committee be made up of 11 members who are involved in the development, enhancement or beautification of the City. Potential members of the committee include representatives of local garden clubs, professional gardeners, landscapers, Neighborhoods 1st, local artists, the Convention & Visitors Bureau and the Chamber of Commerce.

The Mayor and City Council agreed to authorize staff to proceed with forming a Beautification Advisory Committee of volunteer citizens to advise the City on

beautification issues, coordinate an awards program, and spearhead other initiatives to “Keep Hagerstown Beautiful.”

It was the general consensus of the Mayor and City Council to proceed with this program.

Lease Agreement for 931 Eldridge Drive

Deborah Everhart, Director of Economic Development, was present to discuss approval of a lease with James Harsh, trading as The Mulch Man, for property located at 931 Eldridge Drive in Hagerstown.

The property has been previously leased by Roy Jones, trading as Freestate Towing, for use as an impound yard. Mr. Jones has acquired another site within the City for his use and will no longer need to lease 931 Eldridge Drive.

Mr. Harsh is in need of an area to stockpile mulch for local deliveries, and this lot would meet his requirements. Mr. Harsh has also agreed to make improvements to the lot by using asphalt millings to tighten up the parking area. The improvements have been discussed with Eric Deike, manager of Public Works, and he has indicated his support as long as all improvements are completed by Mr. Harsh. Staff proposes a lease with a one-year term, at a rate of \$ 250 per month, with the ability to automatically renew the lease for an additional three years for a monthly rate to be determined at the time of renewal.

It was the general consensus to approve the lease. The Ordinance and Lease Agreement will be prepared for adoption at the Mayor and Council Regular Session on April 24, 2007.

City Administrator’s Comments

Bruce Zimmerman, City Administrator, stated some customers received water bills that were not correct. New bills were mailed as soon as the error was discovered. Alfred Martin, Finance Director, indicated there was a problem within a calculation in the program for multi-family residences. If a customer paid one of the incorrect bills, a refund check will be issued. Mr. Zimmerman apologized to the customers who received the incorrect bill and to the Councilmembers who received telephone calls last weekend.

Mayor and City Council Comments

Councilmember K. S. Cromer had no additional comments.

Councilmember M. E. Brubaker stated the parking deck in the Arts and Entertainment District is a good facility. He thanked Staff for their good work on the budget.

Councilmember A. Parson-McBean asked when a Public Relations Committee will be formed. She expressed her condolences to the family of Thelma Burnett. She

congratulated Mr. Bill Owens on his retirement from the Postal Service. The Western Maryland Hospital center will be providing care for patients with brain injuries beginning in July.

Councilmember P. M. Nigh is concerned about the job market in Hagerstown and Washington County. Many firms are laying off employees.

Mayor R. E. Bruchey, II congratulated Charles Sekula on the 19th anniversary of the Schmankerl Stube restaurant. A ceremony to recognize Arbor Day will be held on April 4, 2007 at 10:00 a.m. at Fairgrounds Park. A training event, "Living Up to the Public Trust," will be held in Hagerstown on May 1 and 2, 2007.

Executive Session – April 3, 2007

On a motion duly made by Councilmember K. S. Cromer and seconded by Councilmember A. Parson-McBean, the Mayor and City Council unanimously agreed by voice vote to meet in closed session at 6:36 p.m. to consult with counsel to obtain legal advice, #7 and to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State, #4. No formal action was taken at the session. The meeting was held in the Council Chambers, 2nd floor at the City Hall. The meeting was adjourned at 7:54 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: