

WORK SESSION AND EXECUTIVE SESSION – April 17, 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 17, 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 Mark Boyer, and City Clerk D. K. Spickler.

Preliminary Agenda Review

The preliminary agenda was then reviewed.

Consent Agenda

- A. Community Affairs:
 - 1. Application/Permit – M&T Bank, June 1, 2007 and June 2, 2007, Blues Fest Event
 - 2. Application/Permit – Conservit, Inc., June 1, 2007 and June 2, 2007, Blues Fest Event
 - 3. Application/Permit – Washington County Arts Council, June 1, 2007 and June 2, 2007, Blues Fest Event
- B. Engineering:
 - 1. Maryland Avenue Storm Drain – Henson & Son, Inc. (Hagerstown, MD) \$ 278,229.80
 - 2. 2007 Street Overlay and Milling – Craig Paving, Inc. (Hagerstown, MD) \$ 496,800.00
 - 3. Thermoplastic Markings on Overlay Streets – Alpha Space Control, Inc. (Fayetteville, PA) \$ 28,000.00
 - 4. Inlay Tape for Pavement Markings – 3M Traffic Control Materials Division (Potomac, MD) \$ 21,000.00
- C. Water/Sewer Department: Pump for R. C. Willson Plant – Hughes Supply (Montross, VA) \$ 10,000.00
- D. Community Development – Federal Lead Hazard Control Program – Amendment to Original Agreement

There were no questions for the items on the consent agenda.

Introduction of an Ordinance: Approval of Lease Agreement with James Harsh, t/a The Mulch Man, for 931 Eldridge Drive, Hagerstown, Maryland

Deborah Everhart, Economic Development Director, provided a revised ordinance for

the Mayor and City Council's review. City Attorney Mark Boyer recommended not including an automatic renewal and listing the lessee's responsibility at the property.

It was the general consensus to include the introduction of the ordinance on the April 24, 2007 agenda.

Introduction of a Resolution: Annexation of Norfolk Southern Railroad Property, A-2007-02

This proposed annexation is for 95.2 acres of land off of West Oak Ridge Drive, located on the southern side of the City. The proposed zoning district is IG (Industrial General). A public hearing will be held after the required notices are published. Mr. Zimmerman indicated the anticipated tax revenue for the City will be approximately \$ 24,000 per year.

This completed the review of the preliminary agenda. The tee marker advertising program was then discussed.

Tee Marker Advertising Program – Hagerstown Greens at Hamilton Run

The City of Hagerstown Parks and Recreation Department and the Department of Community Affairs would like to sell tee marker advertising at the Hagerstown Greens at Hamilton Run in order to raise revenue for the facility. The Tee Markers would be sold for \$ 500 for the first year and \$ 100 renewal, except for Tee No. 1, which would be sold for \$ 750 the first year and \$ 150 renewal.

An agreement and ordinance were presented for the Mayor and City Council's review. Language has been included in the agreement that avoids any conflicts with other City sponsorships, vendors or advertisers.

It was the general consensus of the Mayor and City Council to proceed with this advertising program and to include approval of the ordinance and the agreement on the agenda for April 24, 2007.

A ten minute recess was taken.

Reconstruction of Marshall Street

Marshall Street is a "minor collector" class street that conveys about 4,000 vehicles per day. Included in that traffic volume is several hundred trucks per day which exceeds the loading that the original pavement can sustain. The pavement deterioration is beyond a point where a simple hot asphalt overlay will resolve the problem. The road base failure is significant and the most cost effective way to improve the street is a "road reclamation" project (similar to the project on East Memorial Boulevard approximately two years ago) where cement is used to stabilize the road base.

There is also an abrupt vertical curve in the road at the entrance to the Potomac Center that should be lowered about 12". The road should also be widened. A road reclamation project can address these issues as well.

The County is also planning a reclamation project on the same road (Marshall Street becomes Maugansville Road) outside the City limits. Staff worked with the Washington County Engineering Department to develop a contract that includes road reclamation for both the County and the City. This "economy of scale" should yield the best prices for the work. Prior to the County bidding this contract, they have requested a commitment letter from the city that once the bids are obtained (assuming they are reasonable), the City intends to award its share of the contract. The funding source is the proposed excise tax.

It was the general consensus to authorize staff to bid this project with Washington County and to provide the requested commitment letter.

Councilmember Metzner indicated the Board of Traffic and Parking has discussed this project also and will provide a report.

Miss Maryland Scholarship Pageant

Mark Boyer, City Attorney, presented documents to the Mayor and City Council for their review that outline each agency's funding amounts and responsibilities in regards to the Miss Maryland pageant. The first document is a draft Rental Contract between the Maryland Theater and the City of Hagerstown for the week of the Miss Maryland Pageant. This is a five year arrangement. The second document is an Assignment of the Rental Contract to the Miss Maryland Scholarship Organization.

The third document is a Memorandum of Understanding (MOU) between the Board of County Commissioners of Washington County and the City of Hagerstown. The MOU is tentatively scheduled to be reviewed by the Board of County Commissioners at their April 24, 2007 meeting. (Mayor Bruchey indicated he had received word that the County Commissioners approved the agreements earlier today.) All three documents are contingent upon the others being approved. These agreements are to ensure the Miss Maryland pageant remains in Hagerstown, at the Maryland Theater. Funding for the agreement will be included in the Public Functions budget after the initial year. Funding in the initial year will be a combination of funding from Public Functions and general fund contingency.

Representatives from the Miss Maryland Scholarship Pageant and the Maryland Theater were present.

The rental contract for the theater will be between the City of Hagerstown and the Maryland Theater. It includes the rental rates for the next five years.

The Mayor and City Council agreed to approve the three documents by emergency ordinance at the April 24, 2007 Regular Session.

Vicious/Dangerous Animal Designation Process

The Mayor and City Council tabled approval of the Ordinance to Amend the Animal Control Ordinance to prohibit vicious and dangerous animals within the corporate limits of the City of Hagerstown on March 27, 2007.

The Mayor and City Council requested the opportunity to further discuss the designation process and an appeal process for City residents who did not appeal the designation to the Animal Control Board.

Paul Miller, Executive Director of the Humane Society of Washington County, and Kelly Tracy Martin, Animal Control Board Member, were present.

Councilmember Metzner stated he wants to provide an appeal process for those owners who did not appeal the designation if the intention is to remove such animals from the City of Hagerstown. He believes the designation process is working well. However, if the Mayor and Council determine the process is not working, they could change the process. He is concerned that the definition of a vicious and dangerous animal does not take into consideration normal animal behavior. City Attorney Mark Boyer stated the City's ordinance could be modified but the Humane Society would then be asked to apply the City's definition to their designation.

Councilmember Metzner stated a City Animal Control Board could be appointed. Chief Arthur Smith, Hagerstown Police Department, suggested a board is already in place that could serve in this capacity, if necessary. Councilmember Metzner asked that individuals be provided with their rights, in writing. Mr. Miller indicated all citations issued include information regarding the process for appealing the designation.

Budget Discussion (Financial Projections and Capital Improvement Program)

It was the general consensus of the Mayor and City Council to hold a budget public hearing on May 15, 2007 at 7:00 p.m. Alfred Martin, Director of Finance, discussed Section 10, Financial Projections, with the Mayor and City Council.

The Health Care Fund was created in 2000 to manage the City's self-insurance program for health care. Under this self-funded plan the City pays a standard monthly administrative fee for each covered member and accepts claim risk up to a specific stop loss for each individual covered. The Claims Reserve is defined as costs incurred at the end of a fiscal year which due to timing, will be paid out in the following year. At the end of Fiscal Year 2007/08, the City projects cash balances (\$2,091,088) which provide future funding for the requested Claims Reserve (\$865,472), the General Fund partial pre-payment of future years health insurance costs (\$1,100,000) and an additional "rainy day" fund (\$125,616). Staff recommends a 13% increase in premiums in Fiscal Year

2007/2008. This provides for a Fiscal Year 2007/2008 balanced budget but does not attempt to recover the \$331,292 loss from Fiscal Year 2005/2006 or the planned \$ 65,400 loss for Fiscal Year 2006/2007. In the last two years, the City's Rate Stabilization Reserves have shrunk from \$522,308 to \$125,616. In Fiscal Year 2008/2009, the City must conform to new accounting rules to remain in compliance with generally accepted accounting procedures. These accounting rules will change how the City accounts for the cost of its post employment benefits. Instead of recognizing these expenses when paid, we must begin to recognize the expenses as they are earned. During last year's budget session the Mayor and Council and unions agreed to staff's recommended changes to retiree benefits. This reduced the City-wide liability to \$45,739,000 and the annual required contribution to \$2,725,000. By comparison the June 30, 2005 "out-of-pocket" cost to provide this benefit to retirees was \$1,843,927. Health care costs are anticipated to increase by 12%. Wages and benefits are 75% of the General Fund expenditures.

The Mayor and City Council need to think about how to prepare to address the Other Post Employment Benefits (OPEB) issue and how it will affect the tax rate.

Personal property tax assessment is not growing as rapidly as real estate taxes. There is a 4.3% increase in growth, rather than an assessment increase. Sixty percent of the General Fund Income is from real estate tax revenue.

Existing debt is anticipated to be 5.52% of the General Fund Operating Revenue. The projected amount for FY 2011/12 is 6.71%.

Councilmember Cromer asked if the ice rink is now self sustaining. Mr. Martin indicated there is an operating management agreement in place and the rink is part of the Department of Community Affairs. Karen Giffin, Director of Community Affairs, stated there is \$ 82,000 in the budget for recreations, which includes contracted services such as the ice rink and summer playcamps.

Councilmember Brubaker feels the budget, as presented, almost guarantees a tax increase for next year. He is very concerned. Housing prices are stabilizing or decreasing and this could affect assessment rates. He would like to see the \$1,234,000 deficit reduced to \$ 300,000 to \$ 500,000. He stated there are several large CIP projects with anticipated cost overruns. He does not want to enter a budget year with this much anticipated deficit and he is not in favor of a tax increase. Councilmember Parson-McBean agreed.

Councilmember Cromer stated she has suggestions for reducing spending that she will share at a later time.

No increases in electric rates are proposed. The proposed 2007/08 budget reflects the first full year of the new power supply contract with Allegheny Power, with an expected cost of \$ 27.5 million. Residential rates are competitive but slightly higher than neighboring utilities and will remain this way until rate caps are removed in Maryland for

Allegheny Energy customers in 2008. The \$ 1,985,885 capital outlay program includes vehicle replacement, transformer replacement at the Fredrick Street Substation, funds to provide ornamental lighting at Jonathan Street, new pedestrian lighting, and new services at the Wesel Boulevard Development, the Hagerstown Business Park, the Fairchild Heights Development, the Old Trail Estates Development, the Potomac Manor Development, the Potomac Square Development, the Linwood Hollow Development and the Deerfield Knolls Development, in addition to other major capital outlay. The budget reflected personnel reorganization within the Utilities departments and continued implementation of the approved wage plan.

No rate increases or increases in personnel are being proposed for the Water Department. Projections do include a rate increase in future years. Hagerstown's water rates compare favorably with other municipalities. Additional borrowing of \$ 7,605,000 through the Maryland Department of the Environment Revolving Loan Fund will be needed to finance major system improvements such as the Phase IV (Residual Management Phase) of Willson Plant improvements and the construction of concrete tanks to replace the West End Reservoir. Additional borrowing of \$ 1,619,700 will be needed for water improvements to the Jonathan Street area, distribution system rehabilitation, Edgemont Reservoir Improvements, and other major infrastructure. The fiscal year 2007/08 budget includes continuation of major capital projects: R. C. Willson Plant Phase IV improvements, West End Reservoir improvements and distribution system rehabilitation and meter replacement and upgrades. The budget reflects personnel reorganizations within the Utilities departments and continued implementation of the approved wage plan. Operating costs have been realigned to better match costs with the services they perform.

An 8.5% rate increase has been proposed for City sewer customers and a 16.0% rate increase has been proposed for County sewer customers in the fiscal year 2007/08 budget to take effect on October 1, 2007. These rate increases are based on relative costs and are needed to more adequately fund operations and stabilize decreasing cash reserves.

Additional borrowing of \$ 8,500,000 through the Maryland Department of the Environment will be needed in fiscal year 2007/08 to help finance major system improvements such as collection system rehabilitation, and continued improvements to the Waste Water Treatment Plant (WWTP). City bond financing of \$ 2,272,500 will be needed for the Jonathan Street Streetscape, WWTP electrical system upgrades, WWTP disinfection improvements, and other major capital improvements.

Capital contributions contain \$ 3,300,000 in fiscal year 2007/08 from Bay Restoration Fund grants to design and start construction of Enhanced Nutrient Removal improvements at the WWTP and \$ 500,000 to assist with collection system rehabilitation.

Capital outlay includes funding for collection system rehabilitation, for enhanced nutrient removal improvements at the WWTP, for headworks equipment at the WWTP,

for an ozone disinfections system at the WWTP and to replace the electrical system at the WWTP.

The budget also reflects personnel reorganizations within the Utilities departments and continued implementation of the approved wage plan. Operation costs have been realigned to better match costs with the services they perform.

Rate increases for monthly parking permit fees are included in the proposed budget. No increase is proposed for metered parking rates.

The proposed budget reflects a General Fund Transfer of \$ 200,000 to subsidize operations in the Golf Course Fund. With the completion of the golf cart paths and other course enhancements made in fiscal year 2006/07, it is anticipated that there will be an increase in the number of players at the course.

Section 9 of the Budget Book outlines User Fees for Services. Anticipated changes include:

- Peddler's Permits
- Special Duty Police Officers
- Market House rates
- Charges for tipping fees, if the fee is increased
- Pool rental rates and season passes
- Parking Meter Testing fees

Councilmember Cromer suggested reviewing the recycling collection to determine if the cost could be lowered to the City. She stated the City's rental registration fees should not have been compared with Rockville. A more comparable municipality should have been used. Mr. Tissue stated the Rockville plan is very similar to the City of Hagerstown's.

The next budget discussion will be during the Work Session on May 1, 2007.

City Administrator's Comments

Bruce Zimmerman, City Administrator, had no additional comments.

Mayor and City Council Comments

Councilmember K. S. Cromer expressed her condolences to the family and friends of the victims of the shooting at the Virginia Tech campus. She asked if she would be subject to obtain a rental license if she allowed her adult child to live in a home she owned, rent free. Rodney Tissue, City Engineer, stated the definition of a rental is interpreted as, if the property is not owner occupied, it is a rental unit. No exceptions are made at this time. It was the general consensus of the Mayor and Council to discuss this in July.

Councilmember Cromer thanked Mr. Zimmerman and staff for using her suggestions in working through the budget process. She stated, at times, separate issues are included in one motion. There have been times when she would vote for one of the issues and not the other so she votes No for both.

Councilmember M. E. Brubaker stated there are two opportunities to separate the issues in motions. Motions are typically reviewed during the preliminary agenda review.

Councilmember P. M. Nigh wondered if the Hospital Board actively sought anyone to take over the building when it is vacated. She is concerned that costs for demolishing the building will also be passed on to patients. She asked that all graffiti be reported to the police before removing it. If there are sneakers over lines, call the Light department to have them removed. She stated this is a signal that drugs are prevalent in the area. The Potomac Bead Company will be opening this weekend in their new location. She asked if the entrance building at Fairgrounds Park could be painted. Larry Bayer, Community Development Department Manager, and Junior Mason, Parks Superintendent, will look into this. She expressed concern that newly overlaid roads are being cut when there are problems with gas lines. She asked that something be done to alleviate this. Mr. Tissue stated notices are sent two years in advance of any overlay work to the utilities. He stated a larger problem is when someone decides they want gas service and it must be provided. The only option is to cut the road and install the line. She thanked the firefighters for their response to a fire on S. Potomac Street recently.

Councilmember A. Parson-McBean stated there is a large amount of trash to the rear of several properties in the downtown area. She asked that the property owners be notified of this. She is concerned that youth do not have anything to do and are turning to gangs for activities. The Elks Lodge on Jonathan Street has started an open mic night. She also expressed sympathy for the victims of the Virginia Tech tragedy.

Mayor R. E. Bruchey, II echoed the comments for the family and friends of Virginia Tech. He expressed condolences to the family of Joseph Moore, Retired Superintendent of Parks. He asked if there had been any progress in the revenue sharing issues.

Councilmember Cromer stated the 2+2 Committee has not met for several weeks and this is to be discussed at the next meeting.

Saturday, April 14, 2007 was opening day for Little League. Mayor Bruchey wished all the players good luck

Executive Session – April 17, 2007

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember K. S. Cromer, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in closed session at 7:24 p.m. 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

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MAYOR AND CITY COUNCIL

APRIL 17, 2007
HAGERSTOWN, MARYLAND

held in the Council Chambers, 2nd floor at the City Hall. The meeting was adjourned at 7:46 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: