

52ND SPECIAL SESSION AND WORK SESSION – MAY 15, 2007

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Mayor R. E. Bruchey, II called this 52nd Special Session and Work Session of the Mayor and City Council to order at 4:03 p.m., Tuesday, May 15, 2007, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers 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 D. K. Spickler, City Clerk.

On a motion duly made by Councilmember K. S. Cromer and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to hold this special session.

A. Approval of a Resolution: Lease for 728 Frederick Street

Action: On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to remove from the table approval of a resolution for the lease for 728 Frederick Street.

Discussion: Councilmember Nigh stated because she believes that passing this resolution without a policy in place, and for other reasons, is a mistake she will be voting no. She read the following statement to be included in the record:

“We as a Council are now the Landlords, responsible for the rental of these properties. We have never had this direct responsibility before. We are now responsible for having a policy to cover this, but which we do not, however, have in place yet. We do not have credit checks; we do not have criminal background checks for ordinary citizens of which we do have already one renter; we do belong to the Landlords Association so we do not know of the history of timely, or not, paying of rent, etc.

How are we as a Council going to keep up with the “ordinary stuff” having to do with being a landlord? Are we going to continue to have these kinds of work and Executive Sessions every time a tenant leaves, and a new one comes in? If we are renting to non-employees, regular citizens, how are we to handle non-payment of rent, tenants holding over, “nuisance” issues?

Are we following the law with Fair Housing Standards? In moving so quickly to rent this house, we have failed to construct and approve a policy to cover us and these activities in the future. How can we put anybody in as a renter of one of our properties without a sound policy and

say we have done the right thing by the City, City employees, or the individual renters?”

Action: The motion from May 8, 2007 was as follows: Councilmember L. C. Metzner made a motion to approve a resolution to authorize the execution and delivery of a lease between the City of Hagerstown and Lewie P. Thomas, III for the residence located at 728 Frederick Street, Hagerstown, Maryland. Councilmember K. S. Cromer seconded the motion.

Motion carried 3-1, with Councilmember P. M. Nigh voting No and Councilmember K. S. Cromer abstaining.

B. Approval of Civil War Re-enactment at Rose Hill Cemetery

Action: 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 to approve the Civil War re-enactment scheduled to be held on May 26 and 27, 2007 at Rose Hill Cemetery. The Mayor and Council's approval will exempt this re-enactment, which will include rifle and cannon demonstrations from the City of Hagerstown's Noise Ordinance under section 155-3 of the City Code.

The Special Session was closed at 4:12 p.m.

WORK SESSION – May 15, 2007

Preliminary Agenda Review

Consent Agenda

- A. Finance: Contract Extension for Audit Services – Smith, Elliott Kearns & Company (Hagerstown, MD), Fiscal Year ending June 30, 2007 - \$ 69,750.00 and
Fiscal year ending June 30, 2008 - \$ 71,500.00
- B. Police Department: Forensic Digital Video System – Dynamic Technologies dba Ocean Systems (Burtonsville, MD) \$ 11,496.00
- C. Light: Repair of ABB Transformers – ABB, Inc. (South Boston, VA) \$ 30,000.00
- D. Water and Sewer Department:
 - 1. 10” Neptune Meter and Valves – HD Supply Waterworks, Inc. (Martinsburg, WV) \$ 20,349.50

2. Annual Maintenance Agreements for Compressors and Dryer – Atlas Copco Compressors, Inc. (Westfield, MA) \$ 23,600.00
 3. Algae Sweep for Final Clarifier #4 – Ford Hall Company, Inc. (Lexington, KY) \$ 17,697.00
 4. Whisper Generator – Sunbelt Rentals (Laurel, MD) \$ 82,074.44
 5. Northern Avenue Water Main Replacement – Henson & Son, Inc. (Hagerstown, MD) \$ 71,504.00
- E. Public Works: Refuse Truck – Waste Equipment Sales & Service (Baltimore, MD) \$ 69,129.00

It was the general consensus to approve the consent agenda as presented.

Approval of an Ordinance: Prohibiting Dangerous and Vicious Animals

A revised ordinance prohibiting dangerous and vicious animals was presented for the Mayor and City Council's review. It was the general consensus to include approval of the ordinance on the agenda for May 22, 2007.

**Introduction of an Ordinance: MWQFA Bond Issue for West End Water Tank
Resolution: Statement of Intent to Use Future Bond Financing for the West End Water Tank**

This resolution is a statement of intent for the City to pay for the replacement of the West End Reservoir with a new water storage tank with future bond proceeds. The estimated project cost is \$ 7.1 million. The City anticipates receiving most of the required funding from a future Maryland Water Quality Financing Administration (MWQFA) low interest bond of up to \$ 6.5 million and the balance of the funds through either a direct City bond issue financed by the Water Fund or other Water Fund sources. Staff is also recommending that the Mayor and City Council introduce the enabling ordinance on May 22, 2007 to allow the City to proceed with the MWQFA bond issue in an amount not to exceed \$ 6.5 million. Final approval is pending by the State Board of Public Works for the project and the financing.

It was the general consensus of the Mayor and City Council to include the ordinance and resolution on the agenda for May 22, 2007 for approval.

Resolution: Authorizing a Fuel Cost Reimbursement Agreement with Community Rescue Service, Inc.

The City of Hagerstown currently operates a fueling station at 51 West Memorial Boulevard. Diesel fuel and gasoline are pumped from this location and is utilized by every city department 24 hours per day, 7 days per week.

Per previous agreements, the Community Rescue Service (CRS) also utilizes this facility for their fleet of ambulances and support vehicles. CRS is billed on a monthly basis for the diesel fuel and gasoline obtained from the City's system. In an effort to clarify this arrangement with CRS, staff would like to present to the Mayor and Council a new contract between the City of Hagerstown and CRS whereas CRS would continue to obtain fuel from our facility.

Approval of the resolution will be included on the agenda for May 22, 2007.

Resolution: Revising Parking System Rates and Fees

A resolution revising parking rates and fees was presented for review. An increase in parking permit fees is proposed. Hourly parking rates shall remain unchanged. Approval of the resolution will be included on the May 22, 2007 agenda.

Approval of an Agreement: Engineering Services with the Black and Veatch Corporation Engineering Services

An agreement for engineering services with Black and Veatch Corporation for design and construction assistance for the Enhanced Nitrogen Removal Improvements at the Wastewater Treatment Plant on Frederick Street was presented for review. Maryland Department of the Environment Chesapeake Bay Grant Funds will be used to pay for the \$ 1,312,000.00 engineering services contract. It was the general consensus to include approval of the agreement on the May 22, 2007 agenda.

Marshall Street Reconstruction

Rodney Tissue, City Engineer, stated this reclamation project of Marshall Street was discussed a few weeks ago. The bids for the project are due May 16, 2007. It was the general consensus to include approval of the bid, if valid, on the May 22, 2007 agenda.

Approval of Segway Agreement

A revised agreement with TourGlides, Inc. was presented for review. There were no questions concerning the agreement. Approval will be included on the May 22, 2007 agenda.

Authorization to Submit a Grant Application to Maryland Department of Business and Economic Development (DBED) – Barbara Ingram School for the Arts

Staff is seeking authorization to submit a grant application for \$ 240,000 to the DBED to assist with construction costs for the Barbara Ingram School for the Arts. This grant source and amount has been identified by the School System's consultant on the project, Ardath Cade. The required match would be provided by the Washington County School System as a part of the total funding for the project. The City could create a memorandum of understanding with the School System and pass the grant through to

them for the project, as was done with the State bond funding and the Community Legacy grant funding.

Approval of the application will be included on the regular session agenda.

This completed the review of the preliminary agenda. Mark Boyer left the meeting at this time.

License Agreement Request – Poplar Square Sales Trailer (Sweeney Drive)

Jim Bender, Assistant City Engineer, was present to discuss a potential license agreement. The developer of the Poplar Square residential development (formerly known as Linwood Hollow) has requested permission to temporarily install a sales trailer near the existing cul-de-sac at the end of Sweeney Drive. The trailer would be installed in the public right-of-way where Sweeney Drive will be extended into the residential development. The sales trailer would be a new encroachment into the public right-of-way, which would require a License Agreement with the City.

The Developer is requesting permission to install the sales trailer at the proposed location because the first phase of the Poplar Square development is at the side of the property closest to the Hagerstown Business Park (HBP). Also, because the portion of Sweeney Drive from the existing cul-de-sac to the Poplar Square property is to be constructed during the first phase of the development, the cul-de-sac area is the only location on that side of the property that can be accessed by the public during construction. The Developer anticipates that the trailer may be in place until the end of 2007, at which time he hopes to have a model home completed in the development.

Several City departments raised concerns about the proposed location of the sales trailer. The Hagerstown Light Department is concerned with the exact location of the trailer because they have primary underground electric facilities around the cul-de-sac and cannot allow the trailer to be placed over them. The Engineering Department is concerned that the proposed trailer location may be problematic due to construction activities in this area. The City's Economic Development Director has expressed a concern about siting a sales trailer for a residential development in the HBP.

The City typically charges a fee for persons to temporarily occupy the public right-of-way for private uses. In this case, the fee for occupying sidewalks or non-roadway areas is \$1 per day. Operating a sales trailer in the public right-of-way for seven or eight months is a bit different than having a contractor place a dumpster on the sidewalk for a few weeks during a construction project, so the Council may consider charging a different fee as part of the License Agreement.

A potential alternate location for the sales trailer has been identified away from the cul-de-sac. While that location may not be as desirable for the Developer, it would move the trailer away from the cul-de-sac and the impending construction activities.

It was the general consensus of the Mayor and City Council to approve a license agreement for the trailer at the alternate site. The fee should be high enough to hold the City harmless.

West End Water Storage Tank Phase 1 Project

Mike Spiker, Director of Utilities, and Nancy Hausrath, Water Operations Manager, were present to discuss the West End Water Storage Tank project. The West End Storage Tank Phase 1 Project will entail the construction of a 6.4 million gallon covered concrete water storage tank, located on the north side of Route 40 at the end of Rock Willow Avenue. Improvements will also be made to the existing Pump Station 4, which will remain at the current location on the south side of Route 40, adjacent to the reservoir. Extensive site work will occur on the new tank site and a jack and bore process will be required under Route 40 to assure that there will be no disruption in traffic. A visual buffer will be installed surrounding the tank site property to soften the visual effect of the tank.

The City solicited bids for Engineering Services for the planning and design phase of the project in February, 2005. The notice to proceed was granted in July, 2005 and all authorizations and approvals for construction have been completed, other than the contract approvals by the Mayor and City Council. The engineering design was completed in January, 2007, submitted to and approved by MDE, and the bid was released in February, 2007. Construction of the tank and improvements to Pump Station 4 is scheduled to begin in July, 2007 with a construction completion date of December, 2008.

Budget Discussion

Al Martin, Finance Director, presented budget modification sheets for the various funds and what has been considered to date by the Mayor and City Council.

A listed of tax exempt properties within the City was also presented. The list includes real estate assessments per the State Department of Assessments and Taxation files that are tax exempt under various provisions of State and Federal laws. The \$477 million in tax exempt properties is approximately 18-19% of the total assessments for all real property in the City. It includes the City, County, Board of Education, State, Federal, churches, non-profits and others exempted under State laws. The City, Hagerstown Housing Authority and Bethel Gardens make some payments in lieu of taxes (PILOT) to the City. The City PILOT approximates the State's assess values. The others are far less.

Staff has discussed Councilmember Brubaker's questions with him and have met with the Mayor to review his list of possible budget modifications, including possible modifications to the timing of adding additional fire fighter staff.

Councilmember Nigh noted that City services are provided to tax exempt properties, without collecting any taxes. Councilmember Cromer stated some properties on the list should be reviewed.

Councilmember Brubaker presented a document entitled "Budget Strategy Alternative FYS 2008-10 for the Council's review. Mayor Bruchey also presented proposed adjustments to fiscal year 2007/2008 and future year projections.

Councilmember Brubaker stated he attempted to make sure initiatives already started are completed in his proposal. Some initiatives could use a different time line. The City is locked in to the wage and benefit program. This could be completed using a different timing schedule. The overtime percentage average should go down as staff increases. His proposal shows that in 2010, the City should use a target of no more than a 4.5% increase for the combination of the wage and benefit program and the number of positions. Non-personal services costs should increase no more than 3.5%. The tax rate needs to be lowered next year.

Mayor Bruchey's proposal projects hiring nine firefighters, but over a two year period rather than one. Cost savings could be realized within the CIP. He suggested looking at the wage rates during the next union contract negotiations.

Councilmember Metzner stated the City should consider changing the assessment tax cap to 10%, rather than 5%. The cap has caused a decrease in expected revenue. If the cap had not been imposed, the tax rate may have been lowered. He asked that this suggestion be reviewed. Other governments should be contacted to discuss how they are dealing with the OPEB requirements. He stated he does not believe a budget that does not include a provision for hiring all nine firefighters in FY 08 will pass. He reminded everyone that approving the budget does not mean spending the money. He would like to lower the tax rate, but the Council has to deal with the reality of hiring nine firefighters.

Mayor Bruchey stated some cost savings are possible this year that would allow the Mayor and City Council to fund some of the projects they have discussed.

Councilmember Metzner stated this budget process has been different from previous years, in a positive way. Staff presented a budget that does not include a tax increase. He believes there will be debate about big ticket items, due to the effect on future years. Discussions need to be held with employees concerning OPEB.

Councilmember Cromer stated using bond financing to fund projects is a good idea and a good way to spread the funding over several years. However, cuts need to be made in order to be able to afford the additional police officers and firefighters.

Councilmember Parson-McBean would support budget cuts, except any that directly affect the Jonathan Street project.

City Administrator's Comments

Bruce Zimmerman, City Administrator, had no additional comments.

Mayor and City Council Comments

Councilmember P. M. Nigh asked how much tax base was being lost due to vacant buildings.

Councilmember L. C. Metzner thanked the Board of Traffic and Parking for volunteering their time. He also thanked all volunteer board members.

Councilmember K. S. Cromer asked for an update on the Delta Building. She congratulated the South Hagerstown High School baseball team for winning the championship. Spencer Cromer, her stepson, has received a scholarship to attend Mount Saint Mary's College and pitch for the baseball team.

Councilmember M. E. Brubaker also thanked the volunteer board members. Serving on a board is not always easy. He thanked staff for answering his questions regarding the budget.

Councilmember A. Parson-McBean stated the Jonathan Street project is long overdue and repairs to the pipes are very costly.

Mayor R. E. Bruchey, II thanked the Board of Traffic and Parking. The meeting they held last week was difficult but they were able to make recommendations. In response to Councilmember Nigh's statement concerning the lease agreement for Frederick Street, Mayor Bruchey stated the Council approved a policy that stated the Mayor would review the applications received from potential tenants and make a recommendation to the Council. The Council would then vote on the recommendation, like they do for Board members. During the discussion, it was decided that, in the future, only city employees would be eligible to be considered for tenancy in any City owned residence. Councilmember Nigh indicated there was not a complete policy.

The work session was adjourned at 5:40 p.m.

52ND SPECIAL SESSION – May 15, 2007

Mayor Bruchey opened the Special Session at 7:01 p.m. On a motion duly made by Councilmember K. S. Cromer and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session to hold Public Hearings regarding the Property Tax Rate, the FY 07/08 Budget and the Sewer Rate Increase.

Public Hearing – FY 2007/2008 Proposed Real Property Tax Rate

The Mayor and Council of the City of Hagerstown, Maryland proposes the increase real property taxes for the tax year beginning July 1, 2007. The estimated real property assessable base will increase by 8.4%. If the City maintains the current real property tax rate, effective July 1, 2006 of \$0.798 per \$100 of assessment, real property tax revenues will increase by 8.4% resulting in \$ 1,335,745 of new real property tax revenues. The Constant Yield Tax Rate is \$ 0.736. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments.

The following testimony was presented:

James Neville, 102 Manor Drive, Hagerstown, Maryland, represented the Washington County Historical Society. Mr. Neville asked the Mayor and City Council to reconsider the request from the Historical Society for funding. They did not receive the full amount they requested.

Diane Eves, 1224 Glenwood Avenue, Hagerstown, Maryland, asked the Mayor and City Council to consider implementing a home owners tax credit program. She stated a large number of residents are elderly.

There was no further testimony presented.

The record will remain open for seven days.

Public Hearing – FY 2007/2008 Proposed Budget

The Mayor and Council held a public hearing to hear testimony regarding the proposed July 1, 2007 – June 30, 2008 Budget. The proposed budget is as follows:

Category	Amount Proposed
General Fund	\$ 37,705,026
Community Development Block Grant	2,802,997
Other Special Revenue Funds	298,613
Capital Improvement Projects	<u>27,539,400</u>
TOTAL Government Fund Types	\$ 68,346,036
Light	\$ 34,900,536
Water	19,009,314
Sewer	25,342,820
Parking	885,563
Golf Course	406,143
Property Management	<u>332,264</u>
TOTAL Enterprise Fund Types	\$ 80,876,640
Service & Trust Funds	<u>7,933,905</u>
TOTAL Combined Uses of Funds	\$157,156,581

There was no testimony presented. The record will remain open for seven days for public comment.

Proposed Sewer Rate Increase

The Mayor and City Council held a public hearing to take testimony regarding proposed increases in sewer user rates.

Under the proposed increase, sewer rates for users of the City of Hagerstown sewer system will increase by 8.5% for customers inside the City and 16% for both joint and full service sewer customers outside the City, in accordance with the City/County Flow Transfer Agreement. Low pressure system and industrial surcharge rates are also proposed to increase by 8.5%. No change in the water service user rates has been proposed. The proposed increases would take effect on all bills rendered after October 1, 2007.

No testimony was presented. The record will remain open for seven days for public comment.

Introduction of an Ordinance: Budget FY 2007/2008

Action: On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember P. M. Nigh, the Mayor and City Council unanimously agreed by voice vote to introduce an ordinance to adopt the budget for fiscal year July 1, 2007 through June 30, 2008 in the total amount of \$ 157,156,581.

Intersection of an Ordinance: Tax Rates Beginning July 1, 2007

Action: 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 to introduce an ordinance to consider establishing the tax rates for the levy year July 1, 2007 through June 30, 2008 on the basis of \$0.798 per \$ 100 of the assessed value of all real property and \$ 1,995 per \$ 100 of the assessed value of all business personal property within the City of Hagerstown.

Introduction of an Ordinance: To Increase Sewer Rates

Action: On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember P. M. Nigh, the Mayor and City Council unanimously agreed by voice vote to introduce an ordinance to increase sewer rates by 8.5% for in-City customers and 16% for City customers outside of the

City in accordance with the approved budget for 20007/08. The increased rates shall be effective for all bills rendered on or after October 1, 2007.

There being no further business to come before the Mayor and City Council, on a motion duly made, seconded and passed, the meeting was adjourned at 7:15 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: _____