

EXECUTIVE SESSION AND WORK SESSION – November 17, 2009

On a motion duly made by, seconded and passed, 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 and to consider the acquisition of real property for a public purpose and matters directly related thereto, #3 at 3:30 p.m. in the Council Chamber, 2nd Floor, City Hall, Hagerstown, Maryland. The following people were in attendance: Mayor R. E. Bruchey, II, Councilmember W. M. Breichner, Councilmember M. E. Brubaker, Councilmember F. Easton, Councilmember A. C. Haywood, City Administrator Bruce Zimmerman, City Attorney John Urner, Donna Spickler, City Clerk, Commissioner John Barr, Commissioner Terry Baker, Commissioner Kristin Aleshire, Commissioner James Kercheval, Commissioner William Wivell, County Administrator Greg Murray, Vicki Lumm, County Clerk, Mary Baykan, Washington County Free Library, Joe Kroboth, County Public Works Director, and Alfred Martin, Finance Director. The meeting was held to discuss the acquisition of a downtown building and an annexation proposal. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 4:50 p.m.

WORK SESSION – November 17, 2009

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 5:00 p.m., Tuesday, November 17, 2009, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers W. M. Breichner, M. E. Brubaker, F. Easton, A. C. Haywood, L. C. Metzner; City Administrator Bruce Zimmerman, City Attorney John Urner and D. K. Spickler, City Clerk.

County Commissioners John Barr, Terry Baker, Kristin Aleshire, James Kercheval and William Wivell were also present.

Joint Meeting with County Commissioners – November 17, 2009

Update of Washington County Free Library Expansion

Joe Kroboth, County Public Works Director, reported the library project is moving forward. Construction documents will be completed soon and requests for bids will be made. The expansion is 40,000 square feet. The project includes the development of adjacent properties.

Commissioner Aleshire assumed the Mayor and Council members have received the information on the schematic design. Councilmember Haywood indicated they have not. Councilmember Breichner stated they have seen the façade design. Brett Feight, Bushey Feight Architects, reported there has been preliminary interaction with City departments. A City representative has been present at the meetings.

A press conference will be held on November 18, 2009 to provide more details of the project.

Hopewell Valley Utility Service/Revenue Sharing

Greg Murray, County Administrator, indicated the Commissioners wished to discuss the draft policy for the extension of City utilities. Commissioner Wivell asked who the City anticipates paying the financial compensation in the policy.

Mayor Bruchey stated it could be passed from the City to the property owner and then to the County. This policy is an attempt to alleviate the perception that marketing the Hopewell Valley area is ineffective because of the fear of the unknown by potential developers regarding the utility service.

Councilmember Haywood stated she is not sure the entire administration is comfortable with this plan. She stated she appreciates the efforts of the County and their suggestions.

Commissioner Aleshire asked if a return of investment study is still completed for the utilities. Alfred Martin, Finance Director, stated a cost of service study is completed periodically. Commissioner Aleshire thinks it would be better to have the policy require the shareholder who requires the service to be responsible for the debt service. The current policy will not help economic development.

Councilmember Metzner stated the policy is being considered to solve the annexation issue.

The County Economic Development Commission has not provided an opinion of the policy at this point.

Commissioner Kercheval stated a return on investment should be through taxes. The cost for commercial development is less than for residential development. The profit is similar, without the educational component. Everyone in the county will benefit from more job opportunities. The PEP Program implemented by the City is a good plan to attract development.

Councilmember Brubaker indicated the utility policy was developed to create a predictable process for extension of service.

Tax Differential

Mr. Murray indicated the Commissioners have approved implementation of a differential method for the tax set-off for Fiscal Year 2011. The current tax set-off has become antiquated, has not truly addressed double taxation directly to the citizen and has not clearly defined core government services. Converting to a Tax Differential presents an opportunity to:

1. Bring parity between the County and municipal property tax rates
2. Have a combined tax rate that is more in line across municipalities
3. help ensure taxpayers have incentives to move into municipal areas
4. place the tax incentive with the taxpayer

Under this plan, the tax differential model uses services provided in different categories to calculate taxes. The amount used was 14.6%. The cost to the County would be more than the current system of a tax rebate. Each municipality would have to determine the amount of tax rate increase (if any) necessary to offset the loss of the tax rebate. The taxpayer would not see an increase in their bill because the County rate would be lowered.

Councilmember Brubaker would like time to review the whole package, which has not been submitted. Mr. Murray indicated City staff has the complete package. Councilmember Brubaker stated the Boonsboro and Smithsburg Mayor and Council would also like time to discuss the proposal and determine what would be fair to all parties. He indicated the City of Frederick receives a larger rebate than Hagerstown. Annapolis receives about 35 cents per dollar. He would like to know why these are different.

Councilmember Haywood appreciates the County bringing this to the discussion. It provides an opportunity to do what should have been done all along, which is provide an accurate accounting of the duplication of taxes. She thinks this is a wonderful plan and will provide tax relief to City residents.

Commissioner Kercheval stated the County is required to notify municipalities of any change by January 1 and a letter was sent to each in September. He stated there may be changes between now and when the rate is implemented.

Councilmember Metzner would like time to review the proposal. He doesn't understand how a resident will be paying less tax and receiving the same level of services. Commissioner Kercheval stated taxes would be less because the County rate will be reduced.

Commissioner Aleshire stated he recommended providing the municipalities with the rebate through the next fiscal year to make the transition easier.

Commissioner Kercheval indicated this model is a fair one and he would prefer to resolve the issues before the end of this administration's term.

Councilmember Breichner stated municipalities have talked about changing the tax set off for more than 22 years. He thinks this is an appropriate formula.

Mr. Zimmerman asked for the opportunity to have City and County staff meet and have a clear understanding of the numbers.

Commissioner Kercheval does not see the necessity of phasing in the change (providing a rebate and reducing the tax rate).

Mayor Bruchey wants to make sure all areas of duplicated services are considered.

Councilmember Easton doesn't think the City should have spent the money paid in this program. The taxpayers should have received the money. The argument that taxes were not increased because of the rebate is not valid for him. He works for the citizens.

Flow Transfer Agreement Discussion

In August of 2003, a Flow Transfer Agreement was signed between the City of Hagerstown and Washington County. The overall intent during a time of potential limited capacity and regulatory action at City facilities was to provide a mechanism to use combined capacities of City and County facilities for the benefit of all.

Over the past several years, the original intent of the agreement has been compromised by differing interpretations of the document. The interpretation of the County was that there would be no expense to inside-City customers for the agreement which showed net savings in operational expenses/additional review to the City. The position of the city is that there is little quantifiable savings and that all expense for flow treated at the County facility should be recovered through an increase in rates to outside-City customers. Given this, there appears to be no logical reason to continue an agreement that was to be mutually beneficial to each agency (saving money/increasing revenue to help keep rates for the customers of each agency lower).

Councilmember Brubaker is open to discuss the agreement. Mr. Zimmerman stated staff will provide information to the Mayor and Council for further discussion.

Commissioner Aleshire thanked the City for putting out the recycling survey.

This portion of the meeting was adjourned at 6:03 p.m.

Preliminary Agenda Review

The MVP awards will be presented to the players in the Gridiron Classic game that was held on November 6, 2009.

Consent Agenda

A. Community Affairs:

1. Western Maryland Blues Fest 2010 Budget
2. Three Year Cable Blanket License, Master and Synchronization Agreement with Killer Tracks - \$ 2,215.00 per year

This agreement is for music for Channel 6.

B. Police Department:

1. Canopy Renovation and Repair – Manolis Painting (Baldwin, MD)
\$ 300,000.00
2. Letter of Agreement for University System of Maryland Emergency
Operations Center

The canopy on the building has gradually deteriorated. If repairs are not made, the canopy may have to be removed. The canopy is probably the most significant feature on the building. Alfred Martin, Finance Director, stated \$ 200,000.00 is available in the bond that was issued. An additional \$ 150,000.00 is included in the new bond issue to cover the cost of removing the lead paint. Councilmember Haywood expressed concern at the amount of money to repair the canopy, especially if the building is not registered as a historic site. It was the general consensus to obtain a price for removal of the canopy for comparison before making a decision. This will be removed from the consent agenda.

Another problem is water in the basement. Chief Smith reported this will be assessed when Central Booking opens and the department is able to close the prisoner holding area.

C. Water and Wastewater Departments:

1. Goulds Pump Assembly – Geiger Pump and Equipment (Baltimore, MD)
\$ 40,400.00
2. Water: Meters and Transceiver Units – L/B Water Service, Inc.
(Chambersburg, PA) \$ 130,121.60
3. Wastewater: Treatment Chemicals – Various Vendors \$ 225,154.48

D. Parks: Barrier Free Play Equipment – Taylor Sports and Recreation (Martinsburg, WV) \$ 48,598.00

Approval of a Resolution: Amendment to Lease for Municipal Stadium with the Hagerstown Suns

Lewie Thomas, Recreation Facilities Manager, and Bob Flannery, Hagerstown Suns, were present to answer additional questions regarding the naming rights at the stadium.

Councilmember Metzner stated he would not support having no input for the name. The agreements from other locations included that the City had the final say in approving the name.

The City invests more than \$ 125,000 in support (operating and CIP) to the Suns each year. Mr. Flannery indicated the Suns painted last year to help with the expenses. The largest revenue generator is concessions, followed by ticket sales. The sponsorship would help provide more income. Mr. Flannery stated the stadium is approaching the time when it will be too old for minor league baseball. The sponsorship would provide

revenue for general operations. The sponsorship would not be used to replace the support from the City.

Councilmember Brubaker suggested dividing the sponsorship between the City and the Suns and sharing the cost of maintaining the field. He would like to keep Municipal Stadium in the name.

Mayor Bruchey will meet with staff and Mr. Flannery to develop a mutually beneficial agreement.

This was removed from the preliminary agenda.

This completed the review of the preliminary agenda.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, stated a Budget Retreat is scheduled for December 15, 2009. The preliminary agenda will be reviewed following the budget retreat. This retreat will provide information about the revenue reductions and cost savings options for the Mayor and Council's consideration. The library board has asked for a street closure during the press conference on November 18, 2009.

MAYOR AND COUNCIL COMMENTS

Councilmember F. Easton thanked the Commissioners for including the Mayor and Council on the agenda today.

Councilmember A. C. Haywood also thanked the Commissioners. She stated it was refreshing to hear from them.

Councilmember L. C. Metzner thanked everyone for their thoughts and prayers during his father-in-law's illness and passing away.

Councilmember W. M. Breichner had no additional comments.

Councilmember M. E. Brubaker had no additional comments

Mayor R. E. Bruchey expressed condolences to the family of Patricia Burrs (Charter Review Committee Member) who passed away recently. The City of Hagerstown Economic Development Department recently received \$ 100,000 in grant funding from the U. S. Small Business Administration to provide assistance to Hagerstown Minority and Women-owned business enterprises over the next three years. An information meeting about the three parts of the program will be held Thursday, November 19, 2009 at 9:00 a.m. in the Council Chamber. The Boards and Commissions lunch will be held on Friday, November 20, 2009. The annual tree lighting in public square and Holly Fest

will be held on Monday, November 23, 2009, beginning at 5:00 p.m. He thanked the County Commissioners for meeting jointly today.

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 7:11 p.m.

Respectfully submitted,

Donna K. Spickler, City Clerk

Approved: December 22, 2009