

8th SPECIAL SESSION, WORK SESSION AND EXECUTIVE SESSION –
March 7, 2017

STATE OF THE CITY – March 7, 2017

The annual State of the City presentation was held at 7:00 a.m. at the Academy Theater, 58 E. Washington Street, Hagerstown, Maryland. Mayor R. E. Bruchey, II, Councilmember K. B. Aleshire, Councilmember P. D. Corderman, Councilmember E. Keller, Councilmember L. C. Metzner, and Councilmember D. F. Munson were in attendance.

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WORK SESSION – March 7, 2017

Mayor R. E. Bruchey, II called this 8th Special Session, Work Session and Executive Session of the Mayor and City Council to order at 4:03 p.m., Tuesday, March 7, 2017, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, P. D. Corderman, E. Keller, L. C. Metzner, and D. F. Munson, City Administrator Valerie Means, Jason Morton, City Attorney, Jennifer Keefer, City Attorney, and City Clerk D. K. Spickler.

EXECUTIVE SESSION – March 7, 2017

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, 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 (Section 3-305(b)), on Tuesday, March 7, 2017 at 4:03 p.m. in the Council Chamber, 2nd floor, City Hall, Hagerstown, Maryland.

The following people were in attendance: Mayor R. E. Bruchey, II, Councilmember K. B. Aleshire, Councilmember P. D. Corderman, Councilmember E. Keller, Councilmember L. C. Metzner, Councilmember D. F. Munson, City Administrator Valerie Means, City Attorney Jennifer Keefer, City Attorney Jason Morton, Michelle Hepburn, Director of Finance, Eric Deike, Director of Public Works, Michael Spiker, Director of Utilities, Rodney Tissue, City Engineer, Alex Rohrbaugh, Planner, and D. K. Spickler, City Clerk.

The meeting was held to discuss a business proposal. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the Executive Session was adjourned at 4:34 p.m.

The Work Session resumed at 4:36 p.m.

Request to Lease Space on Eldridge Drive adjacent to the Hagerstown Industrial Park

Randy Gray, Department of Community and Economic Development (DCED) Business Development Specialist, was present to review a request from a sole proprietor trading as The Mulch Man, to lease a small plot of land located at 931 Eldridge Drive at the corner of Frederick Street near the Hagerstown Industrial Park.

James Harsh, the Mulch Man, has been leasing an area 75' by 200' off Eldridge Drive since June, 2007. Mr. Harsh originally had a lease agreement, which expired in October, 2014. The initial rent was \$ 375 per month, but was reduced to \$ 300 per month in 2013 when he requested such based on economic hardship. The parcel total is a little more than one-third of an acre and is in a fenced-in area of City owned property. The area on the other side of the fence (62 plus acres) contains the City Public Works Department trash transfer station. Eric Deike, Director of Public Works, believes the department would be in a difficult situation if they had to replace the trash transfer and storage facility if the land was sold. The assessed value of the entire 62.9 acres is \$ 2,583,900. Mr. Harsh owns another nearby parcel for which he pays the City \$ 1,035.00 per year in property taxes.

Options to consider include renewing the lease, advertise the space for lease, selling the property, or using the space for some other City need or project.

DCED staff recommends renewing the lease with the Mulch Man. It was the general consensus to include renewal of the agreement on the March 28, 2017 Regular Session agenda. The renewal will be for a three year term.

United States Postal Service Parking Contract – Additional Information

Eric Deike, Director of Public Works, provided additional information regarding the proposed lease with the United States Postal Service for employee parking in the Market House lot.

The Mayor and Council tabled approval of this lease during the February 28, 2017 Regular Session until they could receive additional information.

There were two primary questions from the Council. The first was to see if the Post Service employees could park in the Church Street Parking lot on Saturdays to allow for additional parking in the Market House Parking Lot.

The Church Street Parking Lot is currently leased to Potomac Building, LLC. This is essentially the main parking area for the employees that work at Social Services located

MAYOR AND CITY COUNCIL

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at 122 North Potomac Street. Section VII, ACCESS, of that lease states the following “Potomac Building LLC shall also allow access and free parking on the leased lot, to the general public on Saturday, Sundays and on the holidays as observed by the Department of Social Services of the State of Maryland...” The lease continues in Section X, ASSIGNMENT, which states “This agreement is not assignable. The parking spaces or parking areas or any part thereof are not to be assigned, or sublet, except as set forth in this Agreement.”

City’s legal counsel would need to review the language but this would seem to imply that free parking in the spaces on weekends is acceptable but subletting is not. By accepting a lease with the USPS, this could be construed as subletting if they are directed in a lease to park in the Church Street Parking Lot.

Parking on Saturdays is free at any metered parking location whether on the street or in a parking lot. There is also no parking enforcement on Saturdays since parking is free on the streets and lots. Parking is on a first-come, first-serve basis. Postal employees could simply park where they choose as there would be no enforcement to ensure they park in the Church Street Parking Lot.

The second question was in regards to the termination of the lease by the Postal Service. The proposed lease stated the Postal Service may terminate this lease at any time by giving 120 days written notice to the landlord. The option for the City to vacate the lease is non-existent. Council expressed concern that the City did not have the same option, especially if the Market operations were to expand.

During negotiations, the city’s legal counsel expressed the same concern with the USPS representative. The response from the USPS was that a change to the termination clause would not be feasible because Operations would not approve the five year funding commitment if the landlord could terminate the lease unilaterally. They did allow the city to select the number of days written notice required by the USPS for termination.

Staff could request that the new lease continue as a year-to-year lease with termination language available by both parties. This could provide additional flexibility for the city should the operations expand at the market. It is undetermined at this time whether the USPS would be agreeable to a one year lease.

The post office on West Franklin Street has no parking for Postal Service employees other than for a few supervisors. They have to seek out employee parking outside of their operation’s footprint. Short of closing the facility, Postal Service employee parking will be a necessity for the foreseeable future.

Currently in the Market Lot, there are designated parking spaces for handicap parking, Hagerstown Fire Department (HFD) personnel, Washington County employees, and Postal Service employees. This does include the few spaces nestled along the building for the HFD staff or the ten spaces available to the postal service employees in the alley

between the Market House Lot and the Post Office. There are 183 total parking spaces in the Market Lot. Accounting for the designated spaces described previously, there are 96 spaces available for public parking.

On April 1, 2018, the fifteen parking spaces designated for Washington County employees will revert back to public parking spaces.

The Church Street Parking Lot has 112 spaces (94 are leased to Potomac Building, LLC).

There are some potential additional areas that could increase available parking. Adjacent to the Church Street Parking Lot is a gravel area owned by the City Light Department. The area has been set aside for a potential electrical substation. Public Works currently uses the space to haul snow from the downtown as necessary. There appears to be enough space to park approximately 24 vehicles.

Further to the east, there is another stretch of property along alley 1-139 that is also owned by City Light. The potential is for another 12 vehicles to park at this location.

The Director of Utilities, Michael Spiker, is agreeable to allowing these spaces to be used for parking should the need arise.

There is also the possibility of using private parking spaces. In the Parking Management Plan of 2012 commissioned by the City of Hagerstown, there is a recommendation of utilizing private parking to enhance parking availability without incurring the costs of constructing new parking spaces.

The lease agreement calls for an annual lease amount of \$ 40,000.00 for the initial five year lease. The amount would rise to \$ 42,550.00 per year during the five year renewal. Overall, the lease agreement has a value of \$ 412,750.00 over a ten year period.

Staff recommends the following:

1. Direct the vendors at the Market to park in the Church Street Parking Lot on Saturdays. They can off load their goods and wares on site but their vehicle needs to park across the street.
**After further review, Mr. Morton (City Attorney) indicated Potomac Building, LLC would have to authorize Saturday parking in the Church Street lot.
2. Install additional signs on the Market House Parking Lot and the Church Street Parking Lot to educate everyone of the overflow parking across from the Market.
3. Be prepared to negotiate with the private property owners to rent parking spaces should the need arise.
4. Work with the HFD to ensure that disruption to parking is kept at a minimum especially on a Saturday.

The Post Office has no employee parking on site. They are a major employer and anchor in the downtown requiring 74 parking spaces. An alternative solution for the employee parking is limited if not non-existent.

The initial agreement with the USPS is for 5 years. By that time, there should be good indication of where the Market operations are headed and the potential for expansion. Either way, the Post Office has a parking need that only the City of Hagerstown can meet at this time.

Mr. Deike reported that 75 off-street parking spaces would be required by the Zoning Ordinance for a 13,800 square foot market. He noted there will be 96 spaces available after current agreements expire (as mentioned earlier). Even with the spaces utilized by the Hagerstown Fire Department, there is ample off-street parking for the current land use.

Councilmember Aleshire stated there are usually a large number of vehicles parked in the middle of the lot on Saturdays, which takes spaces from customers. Mr. Deike stated there had been an HFD trailer parked in that area, which has been moved. Councilmember Aleshire suggested the spaces closer to the building be designated as market patrons, to potentially increase patronage.

Councilmember Munson pointed out there would not be enough street parking spaces to accommodate the 75 employees at the post office.

Councilmember Corderman would welcome having to deal with too many patrons at a flourishing market. If the lease is renewed for five years and the market closes, the City would have a large property that could not be used for the term of the lease. He noted the additional information provided by Mr. Deike shows parking is available within a range of three blocks from the market and post office.

It was the general consensus of the Mayor and City Council to move forward with approval of the lease agreement renewal with the post office.

8TH SPECIAL SESSION – March 7, 2017

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember K. B. Aleshire, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:56 p.m.

Approval of a Resolution Authorizing the Approval of a Ground Lease between the City of Hagerstown and United States Postal Service (Postal Service) for a Portion of the Market House Parking Lot, Hagerstown, Maryland for Postal Service Employee Parking

Action: On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to remove from the table the motion relating to the approval of a ground lease agreement with the United States Postal Service.

The motion to approve the resolution was made at the February 28, 2017 meeting and is as follows: Councilmember L. C. Metzner made a motion to approve a resolution authorizing the approval of a Ground Lease with the United States Postal Service (Postal Service) for a portion of the Market House Parking Lot for Postal Service employee parking. Councilmember D. F. Munson seconded the motion.

Motion carried 4-1 with Councilmember P. D. Corderman voting No.

Approval of an Ordinance: City of Hagerstown 2017 General Obligation Bonds

Action: On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember D. F. Munson, the Mayor and City Council unanimously agreed by voice vote to approve an enabling ordinance authorizing the City of Hagerstown to issue and sell from time to time, upon its full faith and credit, general obligation bonds in one or more series in an aggregate principal amount not to exceed \$ 7,320,000. Proceeds of the bonds will be used to pay costs of the projects identified in Section 3(b) of the ordinance. Proceeds (par amount) are allocated by fund as follows:

| | |
|--------------------------|-------------------|
| General Fund | \$ 4,793,526 |
| Water Fund | \$ 1,106,474 |
| Wastewater Fund | \$ 1,300,000 |
| Property Management Fund | <u>\$ 120,000</u> |
| Total | \$ 7,320,000 |

That portion of principal, interest and any allocated issuance costs associated with the Water Fund, the Wastewater Fund and the Property Management Fund will be payable in the first instance from revenues accounted for in those respective funds, but the bonds will be backed by a pledge of the City’s full faith and credit and unlimited taxing power.

Staff is hereby directed to work with the City’s Financial Advisor and Bond Counsel to determine the best financing options for the city, and to develop the necessary detailed resolution and other documents required to prepare for the sale of the bonds as contemplated by the ordinance. As specified in the ordinance, details and authorization regarding the amount, timing, method of sale or sales, and other sale details will be outlined in a

detailed resolution to be presented to this body for approval at a future date prior to the issuance of the bonds.

The ordinance also authorizes the issuance and sale from time to time, upon the City's full faith and credit, of (i) general obligation bond anticipation notes in one or more series in an aggregate principal amount not to exceed \$ 7,320,000 to fund project costs on an interim basis, and (ii) general obligation refunding bonds in an aggregate principal amount not to exceed 130% of the aggregate principal amount of the bonds being refunded, in order to reduce debt service costs or achieve debt service restructuring. Details of any such general obligation bond anticipation notes or general obligation refunding bonds are authorized to be determined or provided for by resolution.

The Special Session was closed at 4:59 p.m.

CITY ADMINISTRATOR'S COMMENTS

Valerie Means, City Administrator, congratulated the Mayor and City Council for a successful and positive State of the City presentation. She thanked Erin Anderson, Communications Manager, and Eric Hastings, TV Production/Web Coordinator, for their work on the presentation.

MAYOR AND COUNCIL COMMENTS

Councilmember E. Keller attended the third grade Kindness Club event at Jonathan Hager Elementary School recently. The students had lots of ideas. Two of their biggest concerns were trash and homelessness. They would like to help the City by participating in a Community Clean Up Day.

Councilmember K. B. Aleshire had no additional comments.

Councilmember P. D. Corderman reported the first meeting of the Permits, Inspection, Code Compliance Review (PICCR) committee was held on March 3, 2017. Scott Bowen was elected Vice Chair of the committee. Two other meetings are scheduled for March, 2017. The first meeting was productive and many points of concern were identified.

Councilmember L. C. Metzner thanked staff for their efforts with the State of the City presentation. He visited the Pod sculpture recently. He thinks it would be a wonderful amenity at City Park. Funding for the move should not be from the cultural trail budget, since that money will be used for art along the trail. He is hoping a large donation is made toward the location of the Pod in Hagerstown.

Councilmember D. F. Munson commended Allegheny Wrecking for their work in demolishing one of the worst buildings in Hagerstown. He thanked staff who helped make this happen.

Mayor R. E. Bruchey, II also thanked Ms. Anderson and Mr. Hastings for putting together the State of the City videos. He encouraged all citizens to please use the trash receptacles for trash, rather than throwing it on the sidewalks and streets.

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 5:06 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: April 25, 2017