

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, October 10, 2017 in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, P. D. Corderman, E. Keller, and L. C. Metzner, City Administrator Valerie Means, and D. K. Spickler, City Clerk. Councilmember D. F. Munson was not present.

Joint Meeting with Washington County Commissioners

The Mayor and City Council met with the Board of County Commissioners at the Commissioners meeting room at 100 W. Washington Street, Suite 1113, Hagerstown, Maryland.

The following people were present at the joint meeting: Mayor Bruchey, Councilmember Corderman, Councilmember Keller, Councilmember Metzner, City Administrator Valerie Means, Commissioner Baker, Commissioner John Barr, Commissioner Cline, Commissioner Keefer, County Administrator Rob Slocum, County Clerk Vicki Lumm, and City Clerk Donna Spickler.

Greater Hagerstown Committee and Maryland Theatre Representatives

Benito Vattelana, President, and Jessica Green, Executive Director, Maryland Theatre, provided an update of the Theatre expansion, which is part of the Urban Improvement Project. The number of people attending events at the Theatre has increase from 76,000 in 2013 to more than 100,000 in 2017. There are 5,000 volunteers who help throughout the year. This project will have an immediate impact on downtown.

The architectural process for the project is on time and under budget. The projected start date is July, 2018. Construction will take 18 months to complete. Ms. Green reported the Theatre will remain fully operational during the construction. The total project cost is \$ 13 million. The following funding has been secured:

State of Maryland - \$ 5 million  
City/County - \$ 1 million (design phase)  
Fundraising - \$ 1million

The remaining \$ 6 million is needed before the contract is signed (anticipated to be in March, 2018). An official request to the City and the County to provide \$ 3 million of the \$ 6 million was made.

Mayor Bruchey and Commissioner Baker stated the request will be considered and discussed further within the respective governments.

WCH Aeronautics

Paul Dhillon, President of WCH Aeronautics, discussed how the use of drones could enhance the operations of both the County and City governments.

WCH Aeronautics is a start-up company located in Hagerstown, Maryland. They are located at the Technical Innovation Center at Hagerstown Community College. The founders of WCH have been active in the remote vehicle solution space of a combined total of approximately 15 years. The business has been in existence about 5 months.

WCH Aeronautics is active in the Automated Vehicle space. Their solutions include deterrents, vehicle solutions, and active/passive command systems. They are currently discussing with federal authorities, the acquisition of restricted airspace in Washington County to test some of their government specific solutions.

Mr. Dhillon indicated drones could be used at the scene of fires to assist in placement of units for the most effective fire fighting. They could also be used on police and EMS calls to assess the situation before personnel arrive. They would like to design and test a system for these uses in Washington County.

Mayor Bruchey indicated WCH is not asking for funding. This is the first step in a test program.

It was agreed to look into this possibility further. Discussions will continue at the staff level, with Ms. Means, Mr. Slocum, Police Chief Brito, Fire Chief Lohr and Emergency Operations Center Chief Hays.

It was mentioned that joint meetings of the Mayor and Council and County Commissioners should be held quarterly.

This portion of the Work Session ended at 4:42 p.m. The remainder of the meeting started at 5:06 p.m. at City Hall.

#### Discussion of City-Owned Properties and the Property Management Fund

Jill Thompson, Director of Community and Economic Development, Michelle Hepburn, Director of Finance, Eric Deike, Director of Public Works, Jonathan Kerns, Community Development Manager, and Amanda Whitmore, Downtown Coordinator, are members of the staff team that works together to oversee the City's management of City-owned properties. They were present to discuss the properties and the Property Management Fund and to gain an understanding and seek feedback related to the objectives, goals, strategies and budget impacts for City ownership of property. Additionally, the purpose of the discussion included establishing a strategic direction related to property management. With a defined strategic direction, the City can better evaluate any future opportunities and/or requests for City ownership of property.

The City owns four structures as part of the CDBG Homeownership Program. Three of the four are move-in ready. This program utilizes Federal CDBG funding to acquire, renovate, and sell residential properties to homeowners. The majority of the properties acquired through this program are blighted and/or vacant structures with significant code violations. Since the early 1990's the City has purchased, renovated, and sold

approximately 105 properties within the program. The goal of the program is to increase homeownership opportunities through the rehabilitation of vacant and blighted properties.

Based on the current program guidelines and CDBG regulations, all CDBG Homeownership units must be sold at appraised value to owner occupants who meet the current CDBG income guidelines. CDBG Homeownership properties are held within the CDBG Fund and are not part of the Property Management Fund.

DCED staff continue to implement enhanced marketing strategies in order to sell each available Homeownership Property. Current marketing strategies include but are not limited to:

1. Zillow listing
2. Trulia listing
3. City website
4. Hub City Channel 25
5. Applications and Program information available from Community Partners (CAC, HNBP, HHA)

Staff recommend the properties continue to be marketed and sold through the Homeownership program. Staff are in the process of researching additional listing opportunities through local realtors and/or websites such as Redfin (commission would be required). During the work session, staff presented recommended updates to the Homeownership Program guidelines that would reduce some of the eligibility restrictions currently in place.

Staff are also exploring alternative options and uses for the Homeownership Properties that have been owned long term. When considering alternative uses for these properties, CDBG regulations still require the alternative use to meet a CDBG National Objective. Alternative uses that do not meet a CDBG National Objective would require repayment of local funds to the CDBG program equal to the CDBG project costs for a given homeownership property.

Councilmember Metzner wondered if requiring at least the appraised value is effective.

Mayor Bruchey asked if some of these properties could be sold to Habitat for Humanity. Mr. Kerns indicated this has been done in the past and could be re-visited.

Councilmember Aleshire asked if the properties could be demolished. Mr. Kerns stated they could but the end use of the vacant lot would have to be determined. A reimbursement may be required due to the end use.

A review of the guidelines and discussion of possible amendments to the program will be held before the end of the year.

The City owns a number of properties that are positioned for sale back to the private sector through the City's Competitive Negotiated Sale (CNS) process. For any purchase proposal, the development plan for the property is evaluated equally, if not more

importantly, than simply the offer price. The goal of the program is to return the properties to the tax rolls with the highest and best use.

Properties currently being sold through CNS are:

1. 239 N. Locust – Alms House
2. 17-25 E. Franklin – Roslyn Building
3. 21-23 W. Franklin – Pioneer Hook and Ladder
4. 28 E. Baltimore – Massey Building
5. 170 W. Washington – Nicodemus Building

Recent properties sold include:

1. 140 S. Potomac (sold prior to creating the CNS process)
2. 11-12 Public Square – Rhubarb House/Clock Tower
3. 21 W. Antietam – Fire Damaged Building
4. 278 S. Prospect Street – State Funded Homeownership Program
5. 43-53 W. Washington – Under Contract

Councilmember Aleshire pointed out if anyone was truly interested in saving the Alms House they would have come forward by now. He is not in a hurry to sell the Roslyn Building as he thinks it has the greatest potential.

The Alms House was purchased by the City of Hagerstown in 2004 with the intent to create an open space in that block. It is listed on the Maryland Historical Register. It is also listed on the Federal list.

The following properties are used for City Departments and Offices:

1. Elizabeth Hager Center, 14 N. Potomac Street – This property houses several key city departments including the Department of Community and Economic Development (DCED) and certain police activities. DCED occupies the majority of the second floor including the recently constructed television space within Suite A. Suite B on the second floor houses a HPD Internal Affairs office and space for Councilmember Munson.

The basement area is currently occupied by the Auxiliary Police providing them with a central location to downtown. HPD also uses the downstairs area for other police activities.

2. Roslyn Building at 17-25 East Franklin Street – 25 E. Franklin Street will soon be home to the Parking Systems office. City staff will oversee the parking lots, decks and on-street parking from this more visible and accessible location.

The City supported the Hagerstown Neighborhood Development Partnership, Inc. (HNDP) occupies the majority of space in the middle of the ground floor. The rent is only \$ 1.00 per year and the City provides \$ 28,450.00 in annual funding.

3. Market House at 25 West Church Street – The building houses not only the City Market but approximately half the property is the administrative offices for the Hagerstown Fire Department (HFD). The space also contains classroom space for training opportunities for HFD and others to use.

The City owns properties in which key City programs take place. This includes the following:

1. The NoPo Artists' Lofts and Engine Room Art Gallery at 36-40 North Potomac Street – The ground level floor houses an art gallery known as the Engine Room and is managed by city staff. The space allows local artists to display their talents including artists that live on the premises.

The upper floors contain four residential apartments. This housing is reserved for qualified artists who must provide volunteer hours to the gallery.

2. 60 West Washington Street – The center section of this property is named the Buro Box. It is a business incubator/entrepreneurship resources center. Phones, offices, a copier, conference room and other electronic communication devices are provide as resources to those utilizing the space in their business startups.
3. City Farmers Market at 25 West Church Street – The building houses not only the City Market and offices for HFD as noted previously.

There are residential rentals in various City parks including Staley Park, Wheaton Park, Hager Park, Funkhouser Park, and City Park.

Other properties owned are 931 Eldridge Drive (partially leased to the Mulch Man) and 309 Valley Road (used by the Auxiliary Police).

Councilmember Aleshire wondered if there is anything that keeps any of these properties from being included on the CNS list. He thinks the coming development will create more interest in the larger buildings. He would be willing to consider selling the buildings, even at a loss.

Mr. Deike indicated the Roslyn Building is being actively marketed. Many of these properties house City operations. If any of those buildings are sold, a new location would be needed for the operations.

The Property Management Fund is an enterprise fund so the City pays rent to use the buildings.

Councilmember Aleshire noted the County has been acquiring buildings and consolidating county operations. He wondered if the Roslyn building would fit within that plan.

Councilmember Metzner asked if the auxiliary police are using the whole house at 309 Valley Road. Mr. Deike indicated the City owns half the building and it was purchased

as part of the Fairgrounds property. There are ties to the Program Open Space funding. He indicated there are other office uses located at the building.

Ms. Hepburn stated that a number of the buildings have been acquired using CDBG funding. Selling the buildings may require a payback to the CDBG fund. She reviewed a chart that lists each property, funding source, pros and cons of keeping, and staff recommendations.

Staff recommends keeping the properties located in the parks. The residences are not deeded separately from the parks.

Ms. Hepburn stated that the Property Management Fund is to be a business type fund and should be self sustaining. Because the revenue is significantly less than the expenses, eventually there will not be enough revenue to sustain the maintenance of the properties and stipends from the General Fund will be required.

Councilmember Aleshire would like to see the figures if the non-operational costs are removed from the total. He suggested disposing of the most costly building first. There could be a plan developed to consolidate City services in the upper floors of the Roslyn Building. Mr. Deike stated there will soon be two paying tenants (for the first time) in that building. The rental income will not be large enough to cover the work that will be required to renovate the upper floors.

Councilmember Corderman supports attempting to sell the buildings discussed. He suggested talking with a realtor to market the buildings.

Councilmember Aleshire pointed out the fewer buildings owned by the City the better off they will be. He would give buildings away. He would not be interested in giving away the building and providing funding to a new owner to fix it up.

It was agreed that the City owned buildings discussed in this presentation be offered for sale, except for the parks residential buildings.

Including the market/fire department building on the list was discussed. Councilmember Keller pointed out the market is part of the City Center Plan. Councilmember Aleshire noted these ideas are not set in stone or tied to each other.

The Elizabeth Hager Center will be included on the list. Mayor Bruchey reminded the group that a new studio was just constructed in the City offices of this building.

The house at 309 Valley Road is not being included at this time because more research is required to determine what restrictions are on the future use of the building because of the original funding used to purchase the property.

Ms. Hepburn stated the City currently holds the deed for the Antietam Fire Company for 30 years. When the \$ 600,000.00 loan is repaid to the City, the deed will be transferred to the Company. This building will not be included on the list.

Councilmember Aleshire stated staff provided a list of active vacant properties to the Mayor and City Council in March of 2016. It is important to convey to the public that 16 properties owned by the City, most in the urban core, are not vacant or abandoned. There are more than 500 vacant properties in the City, many in a blighted status. There needs to be a way to address these properties which continually contribute to the degradation of the property and the neighborhood.

Ms. Means asked if it was the general consensus to contact a realtor to help sell these properties. Ms. Hepburn noted a contract for a realtor should be bid out.

Councilmember Corderman wants to develop a process for moving these properties to other owners.

Mr. Deike noted that when the City considers purchasing property, there should be an exit strategy or use clarified before it is purchased. There should also be long-term maintenance funding in place.

#### 60 West Washington Street: BuroBox Memorandum of Understanding Agreements

Amanda Whitmore, Downtown Coordinator, was present to review two proposed Memorandum of Understanding (MOU) Agreements between the City and Frostburg State University and SCORE Hagerstown for the use of the Partner Room at BuroBox. With the support of the Mayor and City Council, staff will seek approval of the MOU Agreement documents at the October 24, 2017 Regular Session.

Frostburg State University (FSU) and SCORE Hagerstown have been strategic partners during the planning of BuroBox. Now that BuroBox is in operation, the City would like to continue that partnership by opening up the Partner Room in BuroBox for FSU and SCORE Hagerstown to utilize for one-on-one counseling and group programming available to BuroBox members and other small businesses. Key components of the MOU agreements include:

The City will provide access to the partner room, co-working area, conference room, kitchenette, and restrooms; provide keys to access the premises; maintain the premises in good repair and make ordinary and replacement repairs; pay for all janitorial and cleaning services as may be necessitated; and keep and maintain in good order and repair the exterior, roof and all structural parts of the premises.

FSU and SCORE Hagerstown will deliver at a minimum four programs per year that are consistent with goals of BuroBox, keep premises in neat and orderly condition, pay for all repairs necessitated by the willful negligent acts of itself; and pay for an amount sufficient to cover the cost of changing locks and obtaining replacement keys in the event keys are lost or misplaced.

It was the general consensus of the Mayor and City Council to include approval of the agreements on the October 24, 2017 Regular Session agenda.

2018 Blues Festival Discussion

Jill Thompson, Director of Community and Economic Development, and Lauren Metz, Community Events Coordinator/Planning and Outreach Coordinator, were present to review options/recommendations for the 2018 Western Maryland Blues Festival with the Mayor and City Council.

Since the August 22, 2017 Work Session, a staff team has gathered input and information to further refine options and recommendations for the Mayor and City Council. If the event is viewed solely from a financial aspect, it is not on a positive track. However, there are other important factors to consider such as tourism, arts and education, relationship with the partners, and it's an enjoyable event. The team is recommending keeping the established identity of the blues music brand. A number of meetings (listed below) have taken place to help shape the recommendations:

1. Current Blues Fest Committee – 3 meetings
2. Dan Spedden, Hagerstown-Washington County Convention and Visitors Bureau
3. Rich Daughtridge and Melissa Fountain, High Rock Studios
4. Jessica Green and Angel Myers, Maryland Theatre
5. Sought ideas and input from Chamber Board of Directors and Washington County Economic Development Commission
6. Sought ideas and input from City department managers
7. Joe Boyd, 2017 Blues Fest Emcee and Chair of the Winchester, VA Blues Fest
8. Paul Benjamin, event producer of the Bradenton, FL Blues Festival, the North Atlantic Blues Festival in Rockland, ME and other blues festivals
9. Jack Sullivan, Publisher, Blues Music Magazine
10. Additional community conversations are ongoing

The current Blues Fest committee members and the staff team presented two options for discussion as follows:

Option 1A – Sat-Sun – two day event in the Central Lot on a Single Stage (Sat) and in City Park (Sun), Saturday is ticketed, Sunday is free in the park

Option 1B – Fri-Sat – two day event in the Central Lot on a Single Stage, Friday is free, Saturday is ticketed

Option 2 – two day street festival (free) with Headliner Performances (ticketed) in the Maryland Theatre

The group feels the same and possibly greater economic impact can be delivered by reconfiguring the event. The 2017 attendance is estimated at 5,000 people. The proposed 2018 attendance is projected at 5,000 to 6,000+ people. A modification to the

end time of the Option 1 event is also being recommended to realize greater economic benefit for downtown businesses.

The group feels to accomplish the transition for 2018, additional contract services will be needed.

With the direction on the 2018 event from the Mayor and City Council, some next steps for the staff team and committee volunteers will include setting meeting schedules for the committees and subcommittees, identifying volunteer leaders for key committee positions, begin artist booking, review sponsorship packages, and investigate opportunities to establish Blues Fest as a separate 501(c)(3) organization.

With either Option 1A or Option 1B, a budget of \$ 200,000.00 would allow staff to plan and execute a good festival. The Blues Bash is included in the draft budget. This is held in March and serves as a fundraiser for the main event. It also supports gaining attention for sponsorships.

Option 1A includes sponsorships and/or a City contribution of \$ 114,200.00. Councilmember Metzner inquired what revenue source this would be since it is not included in the City's current budget. It was noted sponsorships of approximately \$ 80,000.00 is anticipated. Ms. Thompson noted the City's budget includes funding for a 4 day event. Reducing the event to 2 days would release funding set aside for the other 2 days.

Councilmember Metzner mentioned that a majority of the attendees were there because of comps from sponsors. Fewer sponsors will equate to fewer attendees. For comparison, he wondered how many people attended the Thunder in the Square and what the costs were for the City. He asked when the musicians had to be contacted.

Ms. Thompson noted the "drop dead" booking dates would be the end of December. The quality of entertainment would be comparable to previous years.

There was discussion about whether or not the community would support a \$ 45.00 ticket price and if attendance could realistically be expected to increase with a smaller event.

Councilmember Metzner believes it would be better to book local bands for 2018. He wondered why the City is getting into the production business.

Councilmember Aleshire thinks Option 1B is the best set up. He would like to see the event all be held on S. Potomac Street. He thinks the restaurant and business owners would appreciate an 8:00 p.m. event closing time so that attendees could patronize their businesses.

Councilmember Metzner asked if there are any sponsors yet. He is concerned sponsorships will not be as high as anticipated. Ms. Thompson indicated none have been

secured. If the City engages an agent (using the contracted services line item), they would also assist with securing sponsors.

Mayor Bruchey thinks working with Joe Boyd, who has been involved in Blues Fest, will be beneficial.

The staff team is confident they can put together a line up that will draw people to the event.

Councilmember Keller is supportive of Option 1B, with a free day at City Park, making it a family friendly event. Councilmember Aleshire does not want to hold part of the event at City Park. Councilmember Corderman agreed.

Ms. Means asked if the Mayor and Council is willing to shut down the square for an entire day if the event is held on the street. The consensus was this is acceptable.

Councilmember Keller pointed out the event area would be fenced off and businesses may not see an increase in patrons because of this. There would be a walk way between the event area and restaurants.

Eric Deike, Director of Public Works, stated more fencing will be needed if the event is held in the street. He stated the event outgrew the street set up and was moved to the Central Lot many years ago. Set up in the Central Lot is easier because the area can be closed down for several days. The street set up would be more challenging. Electrical utilities in the Central Lot were recently upgraded to accommodate the Blues Fest needs. The electrical service is not available in the square.

Mayor Bruchey noted having a long break before the last set of the night may help keep people downtown. They could eat at one of the restaurants during the break. Councilmember Keller suggested working with restaurant owners for promotional discounts for Blues Fest attendees.

Councilmember Corderman would like to see a huge street festival held downtown. Ms. Means indicated that may be a goal to work towards with Blues Fest. Mayor Bruchey mentioned the new plaza may be an option as well.

It was the general consensus of the Mayor and City Council to move forward with Option 1B (Friday and Saturday event) in the Central Lot.

Councilmember Aleshire stated he does not think attendance will increase, even with holding a free event on Friday. He is concerned sponsors will not be as supportive of the event if they have less to offer with their comp tickets.

Councilmember Aleshire then left the meeting.

Ms. Thompson stated the team is suggesting using a national producer to assist with the event. The producer would help determine the ticket price based on the performance schedule.

The Blues Bash was then discussed. Ms. Thompson stated the event costs less than \$ 5,000.00 and revenue received is less than \$ 5,000.00. This event typically builds on the sponsorship relationships. Mayor Bruchey wondered if it is advantageous to have the Blues Bash at the Maryland Theatre. Councilmember Keller feels it is an event that has a positive impact on downtown. Ms. Means pointed out there will be a deficit within the Blues Fest budget and the funding used for the Blues Bash could be used elsewhere in that budget.

Councilmember Metzner expressed his concern that spending unbudgeted funding is being discussed when the City is facing a possible deficit within the current budget and definite deficits in future budgets. He won't support spending money the City doesn't have. Continually using reserve funds is not fiscally responsible.

#### **CITY ADMINISTRATOR'S COMMENTS**

*Valerie Means, City Administrator*, had no additional comments.

#### **MAYOR AND COUNCIL COMMENTS**

*Councilmember L. C. Metzner* enjoyed the visit with students from Hagerstown, Indiana last night.

*Councilmember P. D. Corderman* had no additional comments.

*Councilmember E. Keller* reminded everyone that Hagerstown Hopes will be held in the square on October 14, 2017.

*Mayor R. E. Bruchey, II* had no additional comments.

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 6:41 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: November 28, 2017