

62<sup>ND</sup> SPECIAL SESSION, WORK SESSION AND EXECUTIVE SESSION – January 22, 2019

EXECUTIVE SESSION – January 22, 2019

On a motion duly made by Councilmember S. McIntire and seconded by Councilmember A. Heffernan, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in closed session to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction, #1 (Section 3-305(b)), on Tuesday, January 22, 2019 at 3:45 p.m. in Room 407, 4<sup>th</sup> floor, City Hall, Hagerstown, Maryland.

The following people were in attendance: Mayor R. E. Bruchey, II, Councilmember K. B. Aleshire, Councilmember A. Heffernan, Councilmember S. McIntire, Councilmember L. C. Metzner, Interim City Administrator Michael Spiker, and Donna K. Spickler, City Clerk. Councilmember E. Keller was not present for the Executive Session.

The meeting was held to discuss membership of the Board of Zoning Appeals. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:47 p.m.

62<sup>nd</sup> SPECIAL SESSION AND WORK SESSION – January 22, 2019

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:01 p.m., Tuesday, January 22, 2019 in the Council Chamber at City Hall. Present with the Mayor were Councilmembers A. Heffernan, K. B. Aleshire, E. Keller, S. McIntire, and L. C. Metzner, City Administrator Valerie Means, and City Clerk D. K. Spickler.

62<sup>nd</sup> Special Session – January 22, 2019

On a motion duly made by Councilmember E. Keller and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:01 p.m.

**Appointment of Michael Spiker as Interim City Administrator**

**Action:** On a motion duly made by Councilmember E. Keller and seconded by S. McIntire, the Mayor and City Council unanimously agreed by voice vote to terminate the employment contract with City Administrator Valerie A. Means and to appoint Michael S. Spiker as Interim City Administrator.

Discussion: Councilmember Metzner would have preferred to have two different motions for this action. He voted in favor of the combined motion because he feels so strongly confident with the appointment of Mr. Spiker. He would have voted no to terminate the contract with Ms. Means.

The Special Session was closed at 4:02 p.m.

Work Session – January 22, 2019

Reach of Washington County – Bridge to Change Program

Dana Jenkins, Executive Director, Jeannie Asbury, Deputy Director, and Jill Zamostny, Director of Housing and Case Management, were present to discuss a new collaboration called Bridge to Change between Reach and the City of Hagerstown.

Bridge to Change's mission is to develop human potential through purposeful work experiences for the homeless. This program helps prepare those who are ready for change to develop confidence and skills to enter a job services program or gain permanent employment.

Bridge to Change is a pilot program for Reach Cold Weather Shelter residents and clients. The program will begin in late spring or early summer. Case managers at Reach will select Reach clients based on readiness for change to participate in the program. Reach will work with the Department of Public Works each week to address areas of the city that need to be cleaned up. A supervisor will take a team of 4-6 program participants to work in the areas designated by the City. The team will work in four-hour shifts, three days per week. The team will return to Reach to journal/debrief and work with case managers on additional services and support.

Reach expects to have 50 participants in the program within the first year. The anticipated program outcomes include: participants entering a job service program or permanent employment, participating in case management services, attaining permanent housing, and participating in Reach's Financial Literacy program.

Reach has been working with the City of Hagerstown for more than six months, conducting research on similar programs to develop Bridge to Change according to the needs and best interests of the community.

The Cold Weather Shelter housed 213 residents during the 2017/2018 season. Residents ranged in age from 18 to 75 years old.

The Bridge to Change program was established in 2015 in the City of Albuquerque, with a budget of \$ 50,000.00. The program was originally established to stop panhandling. Since then the budget has increased to more than \$ 375,000.00. More than 15 cities in the United States are now running programs based on this program. Programs vary but the all programs saw participants develop a sense of belonging and pride, participants encouraged others (not seeking services) to seek services, and strong community support.

Reach's overall objective is to reduce homelessness and help move individuals from safety net to independence and self-sufficiency. This program is also aimed to support this fine city and to help keep it clean, as well as supporting the City by helping individuals to become productive members of the community. By partnering with the City, this shows the community

that all are working together to help support the most vulnerable population and providing opportunities that support the City and the development of downtown.

Councilmember Keller asked if Reach would carry insurance on the participants. Ms. Jenkins stated they would and the City of Hagerstown would be named as an additional insured. Councilmember Keller asked if the participants will be required to be in any mental health program. Ms. Jenkins indicated the goal is to build confidence in the people they serve. Each participant has to be recommended by the case manager.

Councilmember Aleshire noted the estimates for participation are quite different in the Hagerstown program. Ms. Jenkins stated the participants in this program will be selected based on their readiness for change.

Councilmember Aleshire wondered what future funding will look like since a portion of the funding is from CDBG funds. Jill Thompson, Director of Community and Economic Development, reported the grant process is under review. Staff is waiting to hear what the HUD determination will be.

Ms. Asbury indicated three agencies are being asked to each provide 1/3 of the necessary funding. Two potential sources for private funding have been identified. Fundraising events will also be held.

Councilmember McIntire stated this program shows the City is getting involved and helping bring homeless community members into a productive place in society. This program lets the homeless be a part of the community.

Mayor Bruchey stated this is a great program and he supports it.

It was the general consensus to support this collaboration.

#### Changes to Annual Review of Police and Fire Retirement Ordinance

Wendy Nussbaum, Director of Human Resources, Amy Dreisbach, HR Administrator-Benefits and Wellness, Alvin Winters, Consulting Actuary with CBIZ Benefits and Insurances Services, and Christopher Little, Director, Senior Relationship Manager of PNC Capital Advisors, LLC, were present to provide an update of the status of the Police and Fire Retirement Plan to include plan performance and to discuss plan funding.

CBIZ serves as the City's Police and Fire Retirement plan actuary and has worked with the City since the plan's inception in 1998.

Mr. Little meets regularly with the City's Police and Fire Retirement Committee to review investment performance, identify trends, project future performance, and monitor the investment policy compliance.

The defined benefit pension is a major component of an employee's overall compensation package. The Police and Fire Retirement Plan offers a benefit that provides a maximum lifetime benefit of 60% of an employee's after 30 years of service. Police and Fire employees are eligible for normal retirement after 25 years of service.

As a comparison, the Reformed Maryland State Plan offers a benefit of approximately 40-50% of an employee's five highest years' salary. Normal retirement is age 65 with ten years of service or based on the Rule of 90 (age and service must equal 90). The Reformed Plan also has a ten-year vesting requirement.

Since the inception of the Police and Fire Plan, the City has funded 100% of the actuary's recommended employer contribution amount. The employee contribution rate is currently 8%, with Mayor and Council approved increases of the City contribution rates to make up the difference. The City currently targets 14% of pay to the plan. The absorption of contributions by the City was taken to ensure a securely funded retirement plan.

Chapter 38 of the City's Code details the authority and administration of the plan. Mayor and Council have ultimate authority over the Police and Fire Retirement Plan and the Committee.

The Police and Fire Retirement Committee reviews plan performance and discusses matters that could have an impact to the plan. The establishment and authority of the committee are also defined by Chapter 38 of the City's Code. Two positions on the committee require Mayor and Council's formal appointment. The Committee votes to establish a Chair and Vice-Chair.

It is recommended that the job classifications of Police Officer Trainee and Police Cadet be added to the definition of "Covered Employee" and set the eligibility for line of duty disability to a sworn officer.

Mr. Winters noted the number of participants in the plan has declined. The amount needed to be fully funded as of today is \$ 43.7 million. The plan is currently 48% funded, which is the highest percentage since the plan was implemented. At a minimum, CBIZ recommends keeping the City contribution at 14% of payroll. The plan's assets are still less than 50% of the accrued benefits. The current investment environment makes achieving a 7.25% return more difficult. The recommended funding contribution for FY18 and FY19 is based on the 7.25% rate of return. A 7.25% rate of return will cause the plan-funded status to gradually improve.

Mr. Winters stated CBIZ recommends allowing Police Officer Trainees and Police Cadets to enter the Police and Fire Pension Plan upon hire. The current practice of having them enter the State of Maryland Plan and then transfer to the City Plan increases administrative burden and cost to the plan. Having them enter the City plan immediately would reduce administrative burden and costs, reduce the need for traditional communication as employees transfer from Cadet or Trainee to Officer, and increase employee contributions into the City Plan. The proposed amendment would require that Cadets and Trainees become officers before being eligible for the City's Line of Duty Disability Benefit.

Councilmember Keller stated a 28-year retirement plan makes the City of Hagerstown Police Department less competitive in the area. With the challenge of recruiting and retaining police officers, she would like to make changes to make the Hagerstown Police Department more competitive. Councilmember McIntire agreed.

Councilmember Aleshire stated there is an established committee reviewing the financial reports and making affordable recommendations to improve the plan's performance.

Mayor Bruchey pointed out the 28-year retirement was a committee recommendation in 2017.

Councilmember Aleshire wondered what other places are doing to afford retirement plans. Any enticements have to be affordable.

Councilmember Metzner stated it would be appropriate to discuss funding for the plan during the budget review.

Councilmember Aleshire would rather have the Police and Fire Retirement Committee discuss any amendments, as they look at the anticipated trends over a longer period.

Councilmember Keller pointed out the HPD is short 19 officers. She thinks anything that can be done to entice people to work for the City is important, whether that be additional pay or take home vehicles or any other amenity.

Councilmember McIntire stated the City has to figure out why officers aren't staying or coming to the City and what can be done to hire and retain officers.

Mayor Bruchey stated no Police Chief has indicated to him that HPD can't recruit because of the retirement plan. The City is having the same problem with recruiting that every police department is facing. He suggested waiting to hear from Chief Kifer what his recommendations are for recruitment and retention.

Ms. Hepburn pointed out the Committee did not make the recommendations lightly.

Mr. Little stated portfolio management decisions are guided by the Plan's Investment Policy Guidelines, which are reviewed and reaffirmed at least annually. PNC IAM works closely with the Plan's Investment Committee, as well as the City's Human Resources and Finance Departments, to ensure investment objectives and goals are aligned. They meet quarterly to review the Plan's investments.

The Police and Fire Retirement plan market value as of fiscal year end 2018 (06/30/18) was \$ 21.0 million versus one year earlier of \$ 20.1 million. The market value as of 12/31/2018 was \$ 19.4 million.

The Other Post Employment Benefit Trust plan market value as of fiscal year end 2018 (06/30/18) was \$ 10.1 million versus one year earlier of \$ 8.7 million. The market value as of 12/31/2018 was \$ 9.5 million.

PNC believes the economy will continue to grow but at a slowing pace. U.S. economic activity started to decelerate in August, 2018, and they expect a growth plateau heading into 2019. Their Recession Risk Indicator reads 58.3, suggesting that the probability of a recession occurring over the next two years has begun to increase. This indicator alone suggests a recession could occur, absent some market shock, in late 2020.

Financial market returns have been affected in the short run by concerns over rising interest rates that might lead to a Federal Reserve policy misstep and ongoing trade tensions. Geopolitical risks remain elevated: from OPEC's oil supply volatility to trade tensions to Brexit and Italy versus European Union stress. They believe the biggest impact these tensions have had on markets is via sentiment. A deterioration of corporate confidence remains the biggest risk to capital investment plans and, by extension, the current business cycle.

Councilmember Aleshire stated he feels the 14% contribution should be maintained in order to have the opportunity to secure the program. Operational opportunities may not be available next year.

#### Preliminary Agenda Review

##### **Consent Agenda**

- A. Department of Community and Economic Development:
  - 1. Street Closure Requests – 2019 Events
  
- B. Department of Parks and Engineering:
  - 1. Phase II Stormwater Utility Development – Wood Environment & Infrastructure, Inc. (Chicago, IL) \$ 127,747.00
  - 2. Handicap Ramps – MIM Construction (Frederick, MD)\$ 120,000.00
  
- C. Utilities:
  - 1. Water – Ford F-450 with Dura-Box Body – Keystone Ford (Chambersburg, PA) \$ 50,948.00
  - 2. Wastewater – Muffin Monster for Primary Sludge Pumps – JWC Environmental (Santa Ana, CA) \$ 22,077.00

This completed the review. All items are scheduled for approval during the January 29, 2019 Regular Session, unless otherwise noted.

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

*Michael Spiker, Interim City Administrator*, thanked the Mayor and City Council for the opportunity to service the citizens of Hagerstown in a different capacity. He thank employees for their efforts during a recent unpredictable storm. He thanked the Finance Department and Department Heads for working through the beginning stages of the budget. The Mayor and staff have met to discuss plans for the State of the City. He congratulated Nancy Hausrath on her

appointment as the Director of Utilities. He congratulated Bowman Hospitality Group and Jay Zuspan for their expansion of Bulls and Bears and 28 South.

**MAYOR AND COUNCIL COMMENTS**

*Councilmember S. McIntire* thanked Mr. Spiker for his willingness to serve as the Interim City Administrator. She would like to start 2 + 2 meetings with the County Commissioners again. She thinks this would be a good start for developing stronger relationships with the County Commissioners. The 100 Miler kick off was a great success. She commended all involved.

*Councilmember L. C. Metzner* suggested Councilmember McIntire be one of the 2 + 2 members. Councilmember Keller volunteered to be the other member. He thanked Mr. Spiker and City staff for working together and moving forward during this transition.

*Councilmember A. Heffernan* thanked Mr. Spiker for quickly working on issues. He is pleased with the reaction of staff to the change as well.

*Councilmember K. B. Aleshire* also thanked Mr. Spiker.

*Councilmember E. Keller* also thanked Mr. Spiker.

*Mayor R. E. Bruchey, II* thanked Mr. Spiker as well.

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 5:28 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: February 26, 2019