

WORK SESSION – JANUARY 15, 2013

Mayor D. S. Gysberts called this Work Session of the Mayor and City Council to order at 4:05 p.m., Tuesday, January 15, 2013, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, M. E. Brubaker, L. C. Metzner, D. F. Munson, P. M. Nigh; City Administrator Bruce Zimmerman, City Attorney William Nairn and City Clerk D. K. Spickler.

Preliminary Agenda Review

Consent Agenda

- A. Department of Parks and Engineering:
 - 1. Contract: Route 40 Sidewalks: Not to Exceed \$ 385,000.00
 - a. Washington Avenue Contract: Huntzberry Brothers, Inc. (Smithsburg, MD)
 - b. Franklin Street Contract: Concrete Central, LLC (Hagerstown, MD)
 - 2. Stormwater Management Retrofit Study – URS Corporation (Germantown, MD) \$ 31,950.00
- B. Department of Community and Economic Development:
 - 1. Open Containers Law Exemption – Western Maryland BluesFest (May 30, May 31 and June 1, 2013)
 - 2. 36-40 North Potomac Street Required Utility Work – Hagerstown Utility Department \$ 33,000.00
- C. Hagerstown Police Department: 2013 Ford Police Cruiser – Brekford (Hanover, MD) \$ 41,644.00

- Approval of a Resolution: Hagerstown YMCA Summer Camp**
- Approval of a Resolution: Memorial Recreation Summer Camp**
- Approval of a Resolution: Girls, Inc. Summer Camp**

The Hagerstown YMCA, Memorial Recreation Center, Inc. and Girls Incorporated of Washington County have all expressed an interest in again operating the 8-week summer play camps in the City's parks. Each met all of last year's requirements and did a great job.

The Hagerstown YMCA operates camps at two parks, Hellane Park and Pangborn Park. Each of these camps serves 60 children per day. The Memorial Recreation Center, Inc. serves 60 children per day at Wheaton Park. Girls, Inc. serves an additional 45 girls each day during the summer camp at their building.

The proposed budget for the camps is \$ 67,000.00. Approval of these continuing camps will be included on the January 22, 2013 agenda.

- Approval of a Resolution: License Agreement for Flag Pole at Washington**

County Free Library

A new Washington County Free Library facility is being constructed at the intersection of South Potomac Street and East Antietam Street. This project, which began construction in February, 2011, will replace the previous library building with a new, state-of-the-art reference and educational facility adjacent to the City's Arts & Entertainment District. The Washington County Board of County Commissioners has requested permission from the City to install a flagpole with ground-mounted spotlights in the right-of-way of South Potomac Street; as this would be a new encroachment in the public right-of-way, the Council would have to approve the request.

A draft License Agreement was presented to the Mayor and Council for their consideration. The Agreement includes a "Hold Harmless" clause to protect the City from any future claims or damages related to the installation of the flagpole. The Agreement also includes a clause that would require the County to remove the flagpole, upon request, if it interferes with future work or improvements that the City needs to complete in the South Potomac Street right-of-way.

Approval of the License Agreement will be included on the January 22, 2013 agenda.

This completed the preliminary agenda review.

City Attorney William Nairn left the meeting.

Police and Fire Employee Retirement Plan Update

John Ketzner, Actuary with CBIZ Benefits & Insurance Services, Inc., and Susan Delauter, Human Resources Administrator, were present to provide a review of the 2012 Actuarial Valuation for the City of Hagerstown Police and Fire Employees Retirement Plan.

Mr. Ketzner stated the plan is a classic pension plan, similar to Social Security. It is a fairly young plan, having been established in 1998. City funding requirements are based on pay increases, investment return, changes in staff, life expectancies and benefit structures. The plan is reviewed by the Retirement Committee, which meets quarterly.

The normal retirement age of the plan is 62 or after 25 years of service. Employees are eligible for early retirement at age 55 and 20 years of service. The average benefit at normal retirement is 2% of the average monthly compensation times years of service.

In 2012, there were 238 total participants in the plan. Employees contribute 7% to the plan. The City contributes 12%. Since the plan's inception, overall plan costs have increased approximately 24% (due mostly to adverse capital markets performance) but the City's share of the costs has increased over 45%.

The 13 year average of the asset investment returns is 3.4%.

New governmental accounting standards will take effect for the period beginning June 15, 2014. This new standard separates accounting from funding. Mr. Ketzner indicated the City would not notice a big difference in the approach that is used for the plan.

Investment returns continue to lag. Demographics of the active group remains stable. The required contribution rate for the City remains at essentially the same level as last year, at approximately 11% to 12% of pay. The plan remains relatively immature.

Recommendations include:

1. No improvement in benefit structure.
2. In CBIZ's opinion, plan processes are Uniform Management of Public Employee Retirement Systems Act (UMPERSA) compliant.
3. Continue to monitor investment of funds in light of City's finances.

Councilmember Munson asked how the plan compares with the State of Maryland plan. Mr. Ketzner indicated he will find out.

Ms. Delauter stated there is an Investment Policy in place for this plan.

Mr. Zimmerman stated CBIZ administers the Police and Fire Retirement Plan. Other employees participate in the State retirement plan.

Councilmember Brubaker stated he has been concerned about the funded status of the plan in the near future. He asked if the City is at risk of a major surprise in not being funded as well as some older plans. Mr. Ketzner stated there could be a large impact, if the investment market drops.

Councilmember Aleshire stated it is important to compare what the retirement expectations were with what is actually occurring. He stated there should be a ceiling in the funding policy, if there is not a limit established. He recommended setting a goal in determining where the plan should be in 10 years. If cash is included in a plan goal, there has to be a plan in place to reach that goal. He would like to set measurable targets. Mr. Ketzner stated there are three sources to consider – investment return, employee contributions and the make up of the City.

Mr. Zimmerman asked if Councilmember Aleshire's suggestion of targets should be discussed by the Committee. Councilmember Aleshire stated he would be okay with that.

CBIZ and staff will review the recommendations presented.

Michelle Burkner, Director of Finance, and William Seymour, SB & Company, LLC, presented the FY 12 Comprehensive Annual Financial Report (CAFR) to the Mayor and City Council. Ms. Burkner thanked Michelle Hepburn, Budget Officer, and Rana Rose, Senior Accountant, for their assistance.

Mr. Seymour reported the scope of services included the audit of the June 30, 2012 financial statements, performance of the OMB Circular A-133 Single Audit, review of the Uniform Financial Report, and review of the Data Collection form. In addition to the work performed, SB & Company, LLC is available year-round for consultation. SB & Company, LLC issued an unqualified opinion on the financial statements and no material weaknesses were noted. They discovered no instances of fraud. Mr. Seymour stated they received full cooperation from management during the audit.

The City of Hagerstown has \$ 245 million in assets. There is currently a footnote disclosure for the Other Post Employment Benefits (OPEB) which will have a large impact effect on State and Local reporting. The City is currently booking a portion of the total liability.

Councilmember Brubaker asked if changes in reporting are anticipated that will affect the five year budget projections. Mr. Seymour indicated reporting requirements may create more work than 8 people in finance would be able to keep up with. He also indicated that environmental items may impact budgets State wide.

Councilmember Brubaker pointed out having a healthy fund balance is very important, especially in uncertain economic times.

Councilmember Munson asked what the impact of the OPEB requirements could be. Mr. Seymour stated it could be \$ 32.8 million. Mr. Seymour stated the liability will have to be booked and revenue streams will have to be in place to fund the liability.

Ms. Burkner discussed revenues and expenditures in the general fund. Property tax revenue decreased 11% in FY 12. Personal Property tax revenue is expected to remain steady in FY 14. Decreases are expected in FY 15. The largest expenditure is public safety, which includes police, fire, signals and code enforcement.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$ 7.8 million or 22.0% of total General Fund expenditures (excluding the transfers). This represents slightly over two and a half months of General Fund expenditures and complies with the City financial policy requiring a minimum undesignated fund balance of 10% of the General Fund operating expenditures.

Members of the Council thanked the Finance Department for their efforts to have a timely financial report.

Sora Development/Hobson Enterprise Presentation to Mayor and City Council

Mayor Gysberts stated there has been a lot of discussion, both in public and in private, about the revitalization of Hagerstown. Sora Development is a team of investors/developers who have experience in a public/private partnership approach to redevelopment. The team consists of Sora Development, Daft-McCune-Walker, Inc. (DMW) and Skanska. The team has members who are retired State executives and have unique knowledge of State budgeting and grant processes. Some of the members are business associates who are developers, brokers, and investors. This team has unique marketing and business development expertise. Members of Sora Development were present to discuss a plan with the Mayor and City Council. Mayor Gysberts indicated this discussion is not a commitment to the plan.

Bruce Poole is a member of the Sora team. He stated they have been working on a revitalization plan since May of 2012. Other representatives included Dane Bauer, DMW, Melissa Schmidt, Sora Development, Tim Elliott, Sora Development, Rob Hobson, Sora Development, and Chuck Brawley, Skanska, were also present. Sora's projects mimic what could be done in Hagerstown.

Mr. Poole indicated the team was developed due to discussions of whether or not a baseball stadium would be built downtown or not. The challenge was put out for private investment. Through multiple contacts, he reached Sora, which specializes in turning around downtown areas. This group has experience in working with the State of Maryland, the Maryland Stadium Authority and with municipalities. This type of revitalization could return Hagerstown to greatness.

Mr. Bauer, DMW, stated they focus on clients and projects that make a difference in communities.

Mr. Brawley, Skanska, stated they have been in business for 125 years and have mixed-use experience as well as sports experience. They have access to extensive capital.

Mr. Elliott, Sora Development, has worked in three cities similar to Hagerstown. One of those is Glassboro, New Jersey. The big box stores took business from downtown in Glassboro to the outskirts of town. Sora helped bring Glassboro back to life by recreating main street. Cities need to be walkable, sustainable communities. The revitalization doesn't happen by working on a single building at a time. In Hagerstown's urban main street area – South Potomac Street – people want to build.

Mr. Bauer stated a private/public partnership works by having people involved who have undertaken large projects, under dire and difficult conditions. The partners have to believe in what the City wants to do. The Mayor and Council's role is to guide, steer and monitor the project. They find cities often have a plan, but it is fragmented and incomplete. Hagerstown has fragmented plan areas, such as the stadium, Meritus Health and CHIEF. There is no master developer pulling all three of these components together. Sora believes the City needs investors like them to put all the plans together. Meritus

Health is a key to this effort, as is the University System of Maryland. Hagerstown does not have all the amenities that compliment a university, such as housing, student union, or technology based businesses. He predicted as soon as the plan is put together, local investors will want to be involved. Private investors and the City would decide together what to build and develop the plan.

Mr. Elliott stated the object of a plan is to develop a vision, not just for downtown but outside of downtown as well. Sora would study the City's assets and determine what would make it a great walkable City. The cultural aspect of a project could include additional events, i.e. farmer festivals, Italian festivals, etc. Festivals bring people to downtowns. Bringing people to downtown is a key for integration of the core areas for development. Local businesses have to be promoted and developed. Sora is offering a partnership to create a vision. Mr. Bauer stated the master developer sets the master plan so that all components fit together.

Mr. Elliott indicated a master plan is not built all at one time. They would work on the first phase which would include a discussion of how to bring people downtown. An advisory committee would be established to guide the development process. In a public/private partnership, open communications are important. Some ways to inform the public would be through the City's website and cherrettes.

Mr. Poole stated he is invested here and would like a place that his son may consider returning to and raising a family. If the Mayor and City Council like what they have heard during this presentation, he suggested they authorize City representatives to discuss the details of a plan with Sora Development and designate a master developer. The General Assembly is only in session for 90 days. The people in Annapolis need to hear something from the City to be considered for funding in the State budget.

Councilmember Munson has worked with Mr. Bauer during his time as a State representative and recommended his suggestions be taken seriously.

Mr. Bauer stated the Mayor and Council has an unusual opportunity to do something for the community. The Sora group believes this is an area where they can make a difference. The components are here for a good project, they just need to be brought together.

Councilmember Metzner stated he has met with this group several times about downtown redevelopment. They have been willing to wait while the City explored other options. During the past four months, he has seen increased momentum in downtown redevelopment. He stated they need to keep up the momentum. The Mayor and Council need to decide if they are going to pursue this idea and look at the next steps in the process. He supported the MUSEC proposal and he supports moving forward with this proposal. Citizens need to be involved in the process from the beginning, so they don't feel as if they had no input.

John Urner, City Attorney, arrived at the meeting.

Councilmember Brubaker pointed out the City of Hagerstown does not have a large university downtown like some of the other Sora project cities. He wondered what entities would be included in a combined redevelopment effort.

Mr. Bauer indicated each city is unique. Other drivers of a project include multi-use facilities, where people congregate. Sora has reviewed many different uses in projects in cities.

Mr. Poole indicated Meritus Health Systems is interested in programs for employee retention. Several businesses have discussed relocating to Hagerstown.

Mr. Bauer suggested that the City at least review the master developer agreement with Sora. This will not create a commitment.

Councilmember Aleshire is glad the transparency issue has been addressed and that this is being discussed in a public meeting so citizens hear what is being proposed. Other entities will most likely submit thoughts but they need to understand the Mayor and Council is the body that makes decisions for the citizens. These other entities are components to the success of redevelopment, but they do not make the decisions. The City has invested in education downtown. He believes relocation of the Board of Education offices, rather than a stadium, is what downtown needs. The east end would be a better place for a stadium. He sees the east end having a broader scope for development and downtown as an educational hub for the community. Infrastructure has to be well maintained and services need to be adequate. He is concerned that Hagerstown is a destination for social services, rather than a destination for public investment.

Councilmember Munson stated a proposal for the Governor's budget must be submitted soon. A plan has to be developed before submitting the funding request. It is time to move forward with a plan for downtown.

Councilmember Metzner invited other interested groups who may have a plan for redevelopment to contact the City.

Councilmember Nigh stated this is the most realistic plan she has seen during her time as a Councilmember. She would like to have more people in the City's parks. She stated the Mayor and Council is the governmental body that would be making the decisions for Hagerstown.

Mayor Gysberts stated Hagerstown residents collectively have low self esteem. It is time to be proactive and not be reactive to economic circumstances. It is time to have a master plan and to focus on the entire City. Next steps will be discussed with Sora Development.

Councilmember Metzner and Councilmember Munson agreed that discussions should move forward with Sora. Councilmember Brubaker has no objection to working with Sora, but the proposal needs to have specific details.

Mr. Bauer stated it would be good to get organized within the next 90 days and a plan could be developed over the summer. A financial plan would have to be developed to present to the State Legislature for consideration. He believes this project has a good chance of obtaining funding.

Due to timing, the Mayor and City Council agreed to revise the agenda and discuss Code Administration - Mayor and Council Program Priorities and Sale of City Property – 11, 12, 15 and 16 Public Square, at a later date.

Municipal Stadium Improvements for the 2013 and 2013 Fireworks Schedule

Rodney Tissue, City Engineer, reviewed plans for the 2013 Hagerstown Suns season.

Annually the City completes projects to improve the Stadium. Staff met with owners of the Suns during the off season and the owners asked that City staff complete the following improvements, with an emphasis on children's activities and safety:

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| 1. | Shade structure for the picnic area | \$14,000 |
| 2. | Relocate fence at Team Store | \$ 3,000 |
| 3. | Canopy adjacent "bounce house" | \$ 7,000 |
| 4. | Canopy over serving area | \$ 5,000 |
| 5. | Convert Team Store to arcade and
convert small concession area to
Team Store | \$ 3,500 |
| 6. | Repair dugout drains | \$ 2,500 |

The total estimated cost of these items is \$ 35,000. Funding for this request is from the CIP fund for Municipal Stadium Improvements. Funding required above \$ 35,000 will be covered by the Suns.

The lease requires the Mayor and Council to approve the list of fireworks events and to take action to exempt the events from the City of Hagerstown's Noise Ordinance. The Suns have requested a total of 13 fireworks dates.

It was the general consensus to approve the improvements and the fireworks schedule, in accordance with the lease.

MELP Discussion

Mike Spiker, Director of Utilities, and City Attorney John Uner, provided an update of the negotiations regarding the demolition of the MELP building.

During the December 11, 2012 Work Session, the Mayor and City Council granted Staff the opportunity to continue the existing process of working with the current ownership and their attorney in an attempt to support the owner's demolition and cleanup of the MELP property. Additionally, Staff was requested to research issues related to

condemnation of the property, the process of eminent domain, grant availability and other site related issues. Staff notified the owner on December 11, 2012 that they will be granted thirty days (January 10, 2013) for submission of an Agreement of Sale to the City of Hagerstown. If the submission did not occur, staff and legal counsel were to prepare a definitive list of options for consideration and discussion by the Mayor and Council. This request was completed and the information was provided with the memo for this meeting.

On January 9, 2013, legal counsel representing the owner submitted to Mr. Spiker nine documents, including the Proposed Agreement of Sale, Engineering Contract with Frederick Seibert and Associates, Inc., Environmental Consultants Contract with Triad Engineering, Inc., Acknowledgement by Maryland Department of Environment of Discharge Permit Application, Proposed AIA Document A107 Standard Form of Agreement, Proposal for Pre-Abatement and General Clean Up Work for anticipated asbestos abatement, and proposal of Broadview Waste Services. Mr. Spiker indicated these documents are being reviewed by staff and legal counsel.

Councilmember Aleshire pointed out the City will have some responsibility for clean up of the site. This seems like a good deal for the owners, with the City providing some of the funding. Mr. Spiker agreed that with the City's potential \$ 1 million contribution, it is a good deal.

Councilmember Brubaker asked if there is an estimate for the salvage revenue. Mr. Spiker stated there is not. Councilmember Metzner stated it will be labor intensive to retrieve the salvage metal.

It was the general consensus of the Mayor and City Council to move forward with the demolition of MELP as soon as possible.

City Administrator's Comments

Bruce Zimmerman, City Administrator, had no additional comments

Mayor and Council Comments

Councilmember P. M. Nigh had no additional comments.

Councilmember L. C. Metzner thought this meeting was productive.

Councilmember K. B. Aleshire thanked staff for providing information about the Hager House to him. He thanked the Hagerstown Police Department for their response to his call about someone taking cans out of recycling bins. These cans have value to the resident enrolled in the RecycleBank program and taking them should be considered as theft. He asked if the City was going to continue the Gridiron Classic football game. Mayor Gysberts stated there is a rumor that he was going to cancel it, which is not true. The Classic will be held in November.

WORK SESSION
JANUARY 15, 2013
MAYOR AND CITY COUNCIL
MARYLAND

HAGERSTOWN,

Councilmember M. E. Brubaker had no additional comments.

Councilmember D. F. Munson had no additional comments.

Mayor D. S. Gysberts administered the oath of office to a police officer on January 4, 2013. He participated in the Hub World Geography class with seventh graders earlier today. The students were very enthusiastic.

EXECUTIVE SESSION – January 15, 2013

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 of all members present to meet in closed session to discuss the appointment, employment, assignment, promotion, discipline, demotions, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction, #1 (Section 10-508(a) at 7:13 p.m. in the Council Chamber, 2nd Floor, City Hall, Hagerstown, Maryland. The following people were in attendance: Mayor D. S. Gysberts, Councilmember K. B. Aleshire, M. E. Brubaker, Councilmember L. C. Metzner, Councilmember D. F. Munson, Councilmember P. M. Nigh, City Administrator Bruce Zimmerman, and Donna K. Spickler, City Clerk. The meeting was held to discuss various personnel issues. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 7:32 p.m.

Respectfully submitted,

Donna K. Spickler
City Clerk

Approved: February 26, 2013