

WORK SESSION AND EXECUTIVE SESSION – May 7, 2013

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Mayor D. S. Gysberts called this Work Session and Executive Session of the Mayor and City Council to order at 4:05 p.m., Tuesday, May 7, 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 and P. M. Nigh; City Administrator Bruce Zimmerman, and City Clerk D. K. Spickler.

Proclamation: National Bicycle Month and Bike to Work Week

Mayor Gysberts presented a proclamation to Mike Mittel and Dick Cushwa in recognition of National Bicycle Month and Bike to Work Week. A Ride with the Mayor will be held on Saturday, May 11, 2013, beginning at Fairgrounds Park.

City Code Revisions for Dumpsters and Portable Storage Containers

Kathleen Maher, Planning Director, and Paul Fulk, Inspections Manager, were present to discuss proposed amendments to the City Code to revise chapter 117, Recycling and Refuse Collection, and to repeal Chapter 184, Property Maintenance, and replace it with Chapter 184, Portable Storage Containers. The purpose of these amendments is to provide Code Administration staff with better tools to tackle issues that arise from time to time with roll-off trash containers and portable storage containers.

Code Administration staff periodically receive complaints about prolonged locations of roll-off trash containers in residential neighborhoods. The current code is silent on this issue and does not provide a mechanism to address complaints related to the same.

The proposed amendments to Chapter 117, Recycling and Refuse Collection, will revise the definition of “dumpster” to include roll-off trash containers and will add a new section to prohibit dumpsters on residential properties with the following exceptions: 1) does not apply to apartment complexes with an approved site plan identifying a dumpster location; 2) allowed on temporary basis not to exceed 30 days; and 3) allowed during any period of construction at the subject property as long as a valid construction permit is in effect. It also requires all dumpsters to comply with the provisions of the City Fire Code and other applicable codes. It also prohibits their location in the public right-of-way, unless approved by the City.

Code Administration staff periodically receive concerns about storage containers on properties being used as sheds. The current code specifically addresses large storage containers but the code is silent on the smaller storage containers which have become more popular due to their size of fitting on the smaller lots in the corporate limits.

As a first step, the proposed amendments repeal Chapter 184, Property Maintenance, which deals with nuisance issues, such as unsheltered storage of junk automobiles and

other personal property which has been abandoned, discarded, or unused. This chapter is somewhat redundant, since the issue of junk cars and other property maintenance standards are already handled in Article III of Chapter 64, Building Construction, and weeds, trash, and debris abatement are handled in Chapter 185, Nuisance Abatement.

Next, the proposed amendments would replace old Chapter 184 with a new Chapter 184, Portable Storage Containers. The new chapter defines portable storage containers to include "C" containers and pods and allows them on a limited, temporary basis for a maximum of six months and only allows them in commercial or industrial zones with a permit from the City. The amendments also require location to the rear of the property or in screened locations so long as compliant with zoning and setback requirements of buildings and structures. It sets a maximum size for such containers and prohibits stacking.

A storage unit or dumpster would be allowed for up to 30 days, without a permit. Property owners are able to obtain a permit for placement longer than 30 days, if the criteria included in the ordinance are met. Fines would be imposed through the regular process of 30 days after a notice of violation is sent.

Councilmember Brubaker recommended defining the container by size, rather than material.

It was the general consensus to include introduction of ordinances to amend Chapter 117 and Chapter 184 of the City Code on the May 21, 2013 agenda.

Fiscal 2014 Workers Compensation Broker Services

Karen Paulson, Director of Human Resources, and Kevin DeHaven, Safety & Liability Insurance Coordinator, were present to discuss the City's Workers Compensation Broker Services.

The City's RFP for broker services closed on April 25, 2013, and the coordinating committee convened May 2, 2013 to evaluate each packet. The City received a total of five broker RFP submittals. The coordinating committee consists of one person from Human Resources, the Director of Finance, and the Washington County Risk Management Administrator.

Responses were graded for the scope of services outlined in the RFPs, staff experience and backgrounds, past broker experience with municipalities, marketing strategies for workers' compensation coverage, and loss control services offered by the broker.

The committee has chosen CBIZ, Inc. as the broker who is the best option to market the City of Hagerstown's workers' compensation coverage, provide loss control services, and offer a reasonable fee for the scope of services.

The CBIZ proposal of \$ 46,000 includes a modest increase in broker fees over the five-year contract period with the last two years culminating at \$ 40,000. The lowest bidder did not fully meet the scope of services. The committee chose CBIZ over the equal bidder of \$ 36,000 because CBIZ had the strongest overall scope of service package.

Councilmember Metzner stated he is inclined to keep the same, long-time agent without further information being provided.

The scope of services includes a description of how the company intends to market the City's accounts. Councilmember Munson stated he is under the impression there is a limited market for workers compensation coverage and does not understand how one company can market an organization better than another. Mr. DeHaven indicated there may be some discounts available from companies and different companies will have a broader classification schedule. Councilmember Brubaker asked if other municipalities have experienced cost savings through this plan? He wondered why the City would move away from a long-time established local agent.

Mr. DeHaven indicated not all municipalities have the same exposure that Hagerstown does with public safety employees. He is hoping to save money on the premium.

Councilmember Munson stated the low bidder is local and employs people in this community. He also wondered why a change would be considered.

Councilmember Aleshire asked why the insurances are not combined for the City. Mr. DeHaven stated the Workers Compensation Insurance is priced differently, with the premium being based on salary.

Councilmember Munson asked for further information regarding the total number of employees covered and the number of public safety employees.

This topic will be discussed further.

Investment Incentives

Mayor Gysberts stated there are plenty of opportunities for investment in Hagerstown. He welcomes anyone who wants to invest in Hagerstown. The City is seeking private/public partnerships to help make positive things happen.

John Lestitian, Director of Community and Economic Development, Jonathan Kerns, Community Development Manager, and Andrew Sargent, Downtown Manager, were present to discuss a new program.

The proposed Fiscal 2014 Budget includes \$ 1.5 million in the general/CIP fund budget. Staff believe that this money is best used when leveraged with private investment. Two initiatives are being proposed that will result in multiple bricks and mortar projects to upgrade the existing building stock. The new initiatives help to meet

the goals identified in the 2008 Comprehensive Plan and the 2012 Sustainable Communities Plan.

Currently the City offers a variety of financial assistance initiatives for businesses and residents. The existing list of initiatives includes: Enterprise Zone Tax Credits, Arts & Entertainment District Initiative, Partners in Economic Progress Program, Sign and Façade Grant, Revolving Loan Program, Minority and Women Owned Business Program, CDBG Rehabilitation Programs and Strategic property acquisition and resale projects.

Grouping these initiatives under a new marketing platform called Invest Hagerstown will help the Mayor, City Council and staff to communicate clearly the City's established commitment to invest with the private sector. Through these initiatives, the city will continue to take positive action in downtown redevelopment and encourage City-wide neighborhood investment. The success of the existing initiative coupled with the addition of the two proposed initiatives will further demonstrate the city's strong commitment to collaborate with private investment.

Staff recommend the development of two new initiatives which, together with the successful Partners in Economic Progress program, would serve as the City's flagship means to incite private investment. The goals of these proposed initiatives are to stimulate additional private/public alliances throughout the City of Hagerstown and also:

1. Inspire and enable significant redevelopment in the downtown core, reusing and repurposing existing vacant and under-utilized properties.
2. Create the opportunity for new jobs throughout the City of Hagerstown and Washington County.
3. Encourage positive, influential investment in the City's older neighborhoods.
4. Increase the value of Hagerstown's commercial and residential properties.

The two main pillars of these proposed initiatives will include:

First 3rd: The City will partner with private developers and become the first-third of their investment in major renovation projects:

City Center Building Renovation Grants – “Bricks and mortar” renovation and new construction for commercial and mixed-use projects, \$ 250,000 grants, and developer matches City's grant with a \$ 500,000 minimum investment, making the City of Hagerstown the first-third of the private investment.

Neighborhood Owner-Occupied Grants – Owner-occupied grants for specific renovations, restricted to homes built prior to 1960, examples of these improvements include new bathrooms, new roofs and HVAC upgrades, and grants up to \$ 10,000 with a 20% owner-matched required.

The \$ 1.5 million proposed in the General/CIP FY14 Budget could provide funding for these initiatives. Staff envision that an additional \$ 1.5 million could be made available in FY 15. This investment from the City would leverage substantial private investment.

The specific guidelines and process for these proposed initiatives needs to be further discussed and developed. At this stage, staff envision the following:

1. The first priority area for the City Center Building Renovation Grants will be a one-block radius from Public Square. Other special project areas will be considered, such as the former Mid-Town Motel property.
2. A review committee will be formed to review applications. Staff recommend the review committee include, in addition to the existing PEP Committee, a representative from the Planning Commission, Hagerstown Redevelopment Authority and Historic District Commission.
3. Commercial applications will be graded, ranked and approved according to project vision, anticipated impact on sustainable job creation and increase in tax assessments.
4. Residential applications will be graded, ranked and approved according to the individual situation and anticipated impact on property value.

Mayor Gysberts stated this program is focused on action. This program provides an opportunity to show the City's effort in encouraging investment in the City.

Staff is requesting the Mayor and City Council approve in concept the programs presented here. Staff will then work to formalize program guidelines which they will bring back to Mayor and Council at a later date for formal approval.

Councilmember Munson stated this program seems to provide a lot of incentive for developers. He wondered if other communities have this type of program.

Councilmember Metzner stated the City has acquired some buildings and completed renovations. They have taken on projects that others were not willing to do. Buildings that are falling down need to be addressed. He agreed that an entire area should be the focus of the incentives, not just random buildings. He thinks something should be done to improve the area where the probation office is located (corner of Jonathan Street and Franklin Street).

Mayor Gysberts suggested that the City take possession of the dilapidated buildings, as permitted by the City Code.

Councilmember Metzner stated the top priority for the five Councilmembers is getting the MELP building removed. He is ready to vote to start the eminent domain process for the MELP building. This administration has to determine what their priorities are and what the tax rate will be to meet those priorities.

Mr. Zimmerman stated downtown is a priority. The City has to be pro-active, not reactive, for downtown. These initiatives will allow the City to show developers they are serious about partnering with the private industry to revitalize Hagerstown.

Councilmember Brubaker asked if developers had provided feedback for these initiatives. Mr. Zimmerman indicated developers would be approached for input.

Councilmember Brubaker wants some assurance that the properties won't be flipped.

Mr. Lestitian stated he believes Staff is skilled at administering this type of program. The project at 140 S. Potomac Street, Hagerstown, Maryland is a success.

Mayor Gysberts indicated most building renovations would be estimated at \$ 3 million. The level of this incentive is realistic. It would be good to get stakeholder feedback. He believes these incentives will attract private investment.

Councilmember Brubaker stated he is concerned about the building amounts. He would be more comfortable with a higher investment from the property owner.

Councilmember Nigh asked how soon property owners would be able to apply for this program.

Councilmember Munson supports this program. This is an innovative program. The criteria for receiving the funding must be clear. The grants are sizeable enough to attract interest.

It was the general consensus to move forward with the incentives, by developing criteria and receiving input from developers.

Councilmember Nigh asked about the status of the MELP building. Mr. Zimmerman indicated there is \$ 1 million included in the FY14 budget toward removal of the building. Mr. Urner can provide information about condemnation. Talks with the owners are continuing. It is taking a long time for the owners to get their demolition contracts together. The Mayor and City Council may wish to discuss changing their course with the demolition at some point. Councilmember Munson stated it would be good to discuss this next week.

Budget Work Session

Michelle Burkner, Director of Finance, and Michelle Hepburn, Budget Officer, were present to discuss the budget.

Public Hearings will be held on May 14, 2013 for the 2013-2014 Tax Rate and Budget. Notices have been issued regarding the hearings.

The Constant Yield Tax Rate from the State of Maryland is \$ 0.7859. This is the rate, based on the estimated assessable base, that the State says will generate the same revenue as the previous year. The proposed budget establishes a tax rate of \$ 0.7880, which is the same as the previous year.

Mayor Gysberts stated it is apparent the City needs to make investments to increase the assessable base to be sustainable.

The amount of revenue for each penny on the tax rate is \$ 250,000 for FY13 and FY14. Based on triennial assessment estimates, the revenue for each penny in FY15 drops to \$ 238,000.

Employee wages were then discussed. Ms. Burkner distributed a chart showing the cost for a Cost of Living Adjustment (1%, 2% or 3%). The cost ranges from \$ 301,000 to \$ 902,000. A flat rate per hour, ranging from \$.50 to \$ 1.50 per hour, would cost between \$ 557,000 and \$ 1,668,000. The cost of one step for a full year is \$ 647,000. Not all employees would be eligible for a step increase.

A \$ 400,000 wage and benefit contingency has been included in the proposed budget. The two positions approved by the Mayor and City Council last week will be funded with this contingency. To implement a wage increase, revenue would need to be increased. Councilmember Brubaker stated another option is to adjust other expenditures.

The step program is based on the Springsted study that was completed several years ago.

Mayor Gysberts stated the Council will soon have to discuss whether they are willing to increase the tax rate to provide wage adjustments. There are several options for wage adjustments but it is apparent there is not enough revenue.

Councilmember Brubaker stated he doesn't think a tax increase is needed to provide an increase to employees. He would suggest a COLA of 2%. He does not think this is the year to increase taxes, especially not knowing what the assessable base is going to be. It is unclear if any of the looming projects (stadium or MELP demolition) will come to fruition.

Councilmember Aleshire thanked Ms. Burkner for meeting with him regarding the budget. He is trying to put together the pieces of what everyone wants out of the budget – taxpayers, employees, and the business community. He is trying to find a reasonable balance between revenue and expenses. There is 2.8 months worth of operating expenses in reserve. For the stadium, he would only support the City's share at \$ 3 million. The Mayor and Council have to consider a third parking deck. Without a stadium, a 500 space deck is not needed, as originally planned. A smaller deck would decrease the amount of debt necessary for the project. He pointed out he did not vote in favor of the Springsted study when it was presented. Howard County was used as a comparison of wages and he did not think that was appropriate. He suggested re-instating the steps at ½

steps per year, over a six year period. This has to be in connection with a COLA increase. The City can't absorb a 12% increase in the retirement costs, health care premium increases and the wage and benefit increases. He would like to discuss ways to improve efficiencies and the use of resources with synergy among the local government agencies. He is willing to discuss some type of stormwater management fee, even though this is another State of Maryland unfunded mandate. He wondered if the City should continue to subsidize the golf course. If an additional parking deck is constructed, the City should discuss the opportunity for the County to utilize the deck. The City should also talk to the County about contributing \$ 400,000 toward a parking deck. Parking fee increases need to be discussed so the General Fund does not subsidize the Parking Fund. He thinks both the Water and Wastewater Fund should pay a dividend to the general fund. The migration of CDBG entitlement programs to the general fund should be limited. It does no good for the City to keep buildings that are going to remain vacant. Bad investments should be moved off the books to decrease the operational impact. He will not accept the 14% increase in water and sewer rates unless the delinquent accounts are discussed. He agrees with Councilmember Brubaker that this is not the year to consider a tax increase. This year should be used to review the budget and the impact the triennial assessment will have on the revenue. He does not understand why water accounts are removed from the books if the property is vacant. Not having a base fee hurts the City's budget. It would be beneficial for the Mayor and Council to review the budget in six months for a better assessment of the numbers.

Councilmember Metzner asked if there is \$ 6.2 million included in the CIP for the stadium. Ms. Hepburn stated page 61 of the CIP section shows funding for a stadium (through debt service). Ms. Burkner stated in FY15, there is \$ 21 million included for construction. There is \$ 5.6 million in bond funding for the City's portion. The County's portion would also have to be a bond issue.

Councilmember Brubaker stated until the Mayor and Council make decisions of what they are going to do about a stadium and/or parking deck they can't discuss a tax rate change.

Mr. Zimmerman indicated the pay/go history has been 1.2. Expenditures have been shifted to bonds.

Councilmember Brubaker stated this is not the time to reduce the fund balance. It should not be used for recurring expenses.

Mr. Zimmerman reminded the Mayor and Council the money from the sale of the Army Reserve Center is still in place, if they wish to use it for a one time project, as previously discussed.

Councilmember Brubaker suggested waiting to see how the anticipated funding works out.

Mr. Zimmerman clarified that Councilmember Aleshire's suggestions are for review during the first six months of the FY14 budget. Councilmember Aleshire stated this will allow time for working toward covering the anticipated deficit in future years. This will also allow the time needed to review and discuss a tax rate increase.

Councilmember Munson stated not one of the Councilmembers relish increasing property taxes. The consequences, both socially and politically, are not going to be good. They need to look at alternatives and all members need to be informed about the budget.

Mayor Gysberts asked if the Councilmembers were supportive of looking at stormwater fees as a source of revenue. Councilmember Brubaker stated this revenue is not needed for this budget. He is concerned that attracting investors will be more difficult if taxes and fees are higher than surrounding areas. Councilmember Munson agreed. Councilmember Metzner is willing to discuss a stormwater fee. Councilmember Nigh is not sure how these fees would impact businesses.

Mayor Gysberts asked if the Councilmembers were willing to discuss a fire tax. Councilmember Brubaker echoed his concern of fees being higher within the City limits. He would prefer the City and Council discuss a fire tax together. Councilmember Aleshire pointed out Frederick implemented a fire tax and are now rescinding it. Councilmember Munson stated the County is going to have to face this issue, if there is any hope of saving the volunteer system in the County. If these taxes are implemented, he feels people will be encouraged to move out of the City.

Councilmember Metzner stated he feels it would be better to increase the tax rate by 2 or 3 cents rather than implementing a number of new fees. He wants to do what is the fairest for everyone concerned. He would prefer to see realistic property taxes to support the City. He suggested continuing to lobby the County for more rebate to the taxpayers. The only way he would support a fire tax is if it was county wide.

Councilmember Nigh wants professional firefighters in Hagerstown. She thinks citizens would rather see a tax rate increase than additional fees. Realistically, a tax rate increase is not a big deal. She believes the County continues to cripple the City.

Councilmember Nigh asked what is going to be included in the budget for employees. Mr. Zimmerman stated the Mayor and Council has a budget with no tax increase. Unlike the last four years, there is not enough money in the future budgets for an increase for employees. There is the issue of looking at some way to do more than a mid-year COLA for employees. That just isn't enough. Mr. Zimmerman stated maybe the Mayor and Council are suggesting waiting six months, after the triennial assessment, and then having a full conversation about compensation. Based on the handout provided, the City could afford a 2% COLA but not re-instatement of steps. He thinks the City needs to look at doing more for employees.

Councilmember Metzner agreed. However, taxpayers have incurred expenses during the last three years, through increases in the cost of benefits. He needs to understand what benefits have been paid.

Mr. Zimmerman stated the City has absorbed increases in health care costs and retirement costs.

Councilmember Metzner stated employees need to understand the City has absorbed these costs. He commented that the best labor/management relationship is the best it has been, even during difficult economic times. He agrees that they have to recognize employees have been cooperative. The Council has to decide to either decrease expenses or increase revenue.

Councilmember Brubaker stated they should think about how much further they want to reduce expenses.

Councilmember Aleshire recommended adding the steps to the budget, at the rate of one plus ½ each year until they are back on schedule. By his figures, \$ 500,000 would be needed. Mr. Zimmerman pointed out there is a compound cost associated with step increases.

The budget will be discussed again on May 14, 2013, prior to the public hearings.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember D. F. Munson had no additional comments.

Councilmember L. C. Metzner had no additional comments.

Councilmember M. E. Brubaker had no additional comments.

Councilmember P. M. Nigh had no additional comments.

Councilmember K. B. Aleshire thanked the Finance Staff for the information that was provided. He is willing to discuss the budget with anyone who has concerns. Without some turn around, this is not a sustainable budget. He encouraged a discussion of the budget within the next six months.

Mayor D. S. Gysberts attended the Exhibition of Learning at Maugansville Elementary School. The Barbara Ingram School for the Arts performed Legally Blonde recently. It was a good production. Mayor Gysberts had a walk-on role. Citizenship Awards were presented to high school students by the Women of the Elks. The Ride With the Mayor

bicycle ride will be held on Saturday, May 11, 2013.

EXECUTIVE SESSION – May 7, 2013

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 of all members present to meet in closed session to consider the acquisition of real property for a public purpose and matters directly related thereto, #3 (Section 10-508(a) at 6:31 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, John Lestitian, Director of Community and Economic Development, Jim Bender, Assistant City Engineer, Michelle Burkner, Director of Finance, and Donna K. Spickler, City Clerk. The meeting was held to consider alternative stadium sites. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 8:10 p.m.

Respectfully submitted,

Donna K. Spickler
City Clerk

Approved: June 18, 2013