

24TH SPECIAL SESSION AND WORK SESSION – September 10, 2013

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Mayor D. S. Gysberts called this 24th Special Session and Work Session of the Mayor and City Council to order at 4:04 p.m., Tuesday, September 10, 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, City Attorney William Nairn, and City Clerk D. K. Spickler.

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:05 p.m.

Approval of an Ordinance: Authorizing Legal Counsel and Staff to Commence with Eminent Domain Proceedings at the Old City Light Plant (MELP) Property

Action: On a motion duly made by Councilmember M. E. Brubaker and seconded by Councilmember D. F. Munson, the Mayor and City Council unanimously agreed by voice vote to approve an ordinance to authorize Legal Counsel and Staff to commence with Eminent Domain proceedings against property legally described as Lot 2 2.9633 Acres on the East Side of Eastern Boulevard South known as the Old City Light Plant (MELP) further identified in SDAT as located in District 17 Account Number 025759. The Public Purpose of the Eminent Domain proceedings are related to the protection and continued operation of Public Utilities contained within and adjacent to the property and public safety concerns related to the condition of the property.

Introduction of an Ordinance: Authorizing a Three Month Extension to the Cable Television Franchise Agreement with Antietam Cable Televisions, Inc.

Action: On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to introduce an ordinance authorizing a three month extension of the Cable Television Franchise Agreement with Antietam Cable Television, Inc.

The Special Session was closed at 4:07 p.m.

City Attorney William Nairn left the meeting.

WORK SESSION – September 10, 2013

Proclamation – Hispanic Heritage Month

Mayor Gysberts presented a proclamation to Sila Alegret-Bartel and Diana Reyes recognizing September as Hispanic Heritage Month

Recycling Program Participation Update

Rodney Tissue, City Engineer, and Pat Heraty, Waste Management, were present to provide an update on the city's recycling and trash program.

The single-stream recycling began in January 2012 and the blue recycling totes were issued to the community in April 2012. The current collection contract and disposal contract with Waste Management ends in December 2014, but there is an option to renew that contract for an additional three years. The collection program is once per week trash/recycling/yard waste except for the City Center, Zone F, where trash collection occurs twice per week. For the first time, the City is also offering collection services to commercial establishments and the program allows a commercial establishment to set out no more than 95-gallons of trash per collection and no more than 95-gallons of recycling per week. The cost to residential units is \$ 156.00 per year. The cost to commercial operations is \$ 100.00 per year for trash and \$ 100.00 per year for recycling collection.

The City's program has received national attention. Staff has made presentations to the Maryland Recycling Network and were interviewed by several municipalities in Pennsylvania, Ohio, and Minnesota.

Trash collection disposal costs in 2010 were \$ 590,887.00 with 11,507 tons collected and disposed in the landfill. In 2013, the projected cost is \$ 440,000.00 with 10,500 projected tonnage. Waste is disposed at Waste Management's Upton facility at a cost of \$ 42.00 per ton.

The recycling tonnages have increased from an average monthly amount of 82 tons in 2010 to 212 tons in 2012/2013. This represents a 130% increase in the tonnage of recycling that was collected since the totes were distributed in 2012. This corresponds with the sharp decrease in the trash tonnage disposed in the landfill. The contract was written so that the City received a financial rebate when the amount of recycling each month exceeds 105 tons. Due to the tremendous recycling efforts by the citizens of Hagerstown, to date, the City has received \$ 17,170.00 in cash payments from Waste Management. In late 2012, the Mayor and Council decided to use this money to extend the yard waste program.

Residents may participate in the Recyclebank program (a recycling incentive program). The City has a strong participation percentage, 28.6% of the residential units, compared to many of RecycleBank's program. In the last 12 months, members have spent over 977,000 points. The estimated discounts/savings earned by the citizens in the

last 12 months is \$ 39,866.00. In addition, the co-spend (for example, take \$5 off a \$20 purchase, the \$ 15 co-spend) in the past 12 months has been \$ 42,901.00 which is a positive impact on local businesses.

In the future, a targeted campaign is planned to send letters to the people who are not recycling, based on the data received from the tote management system, inviting them to recycle.

Mayor Gysberts served on the City's Trash and Recycling Task Force in 2011 and the County's Solid Waste Advisory Commission. He understands the County lost revenue when the City's collection was sent to Pennsylvania. He wondered what other impact was noticed. Mr. Tissue stated the composting amount was also reduced.

Mayor Gysberts has received suggestions from residents to consider twice weekly pick up during the summer months. He wondered if this could be funded with the rebate. Councilmember Nigh stated twice weekly collection is needed.

Mayor Gysberts asked if trash could be picked up from alleys instead of in front of properties. Mr. Tissue stated staff has studied this and found that many alleys are too narrow for the trash trucks. In addition, many residents don't have access to the alley from their home. Mr. Heraty stated they use smaller trucks for the areas where alley pick-up is absolutely necessary.

Councilmember Aleshire asked if there is a cost difference to a resident who does not wish to participate in the recycling program. Mr. Tissue indicated the annual cost is the same, whether they recycle or not. Councilmember Aleshire believes there should be an additional charge to residents if they don't recycle since the disposal costs would be higher.

Mayor Gysberts is encouraged with the number of participants in the recycling program.

Transportation Priorities

Rodney Tissue, City Engineer, stated the annual Maryland Secretary of Transportation and Department of Transportation (MDOT) staff tour will be held on October 3, 2013. Staff will send MDOT the priorities from the City elected officials. Staff offers the following items as suggested priorities:

1. Highway User Revenues: Continue funding or increase
2. Eastern Boulevard Corridor Improvements – The City supports this Washington County led, multi-phase project that consists of a multi-modal transportation system connecting US Route 40, Maryland Route 64, and Maryland Route 60.
3. Develop Access Management Plan for MD 65 from Lyles Drive to Wilson Boulevard.

4. Status of I-70 and I-81 planning studies and long-term improvements, including increasing the travel lanes to 6.
5. Fund Retrofit Sidewalk installation on Frederick Street, bicycle enhancements, and Safe Routes to School Program which the City has used in the past.

Washington County Public Works staff indicated their priorities include the MD 65 I/70 interchange and access management plan, the Professional Boulevard Bridge and Roadway, interconnect of ramp and other signals on Maugans Avenue, and Eastern Boulevard (Phase II) design.

Councilmember Munson stated the restoration of Highway User Revenues should remain as the top priority.

Councilmember Brubaker stated this will be a high priority for MML. No formula for Highway User Revenue was included in the gas tax recently passed by the State. He reported that the MML Legislative Committee voted to make double taxation a high priority and to present the issue to MACO (Maryland Association of Counties). He anticipates that will be a difficult discussion.

Councilmember Aleshire inquired about the State's role in the bridge upgrade for the Eastern Boulevard Corridor Improvements.

Councilmember Brubaker stated a longstanding concern is how to justify the improvements. The City should be connected to a revenue stream from the properties that will benefit from the improvement. These road improvements should have been completed when the hospital relocated.

Councilmember Munson stated the bridge is a high priority and important to the City's tax base. Delegate John Donoghue has been discussing funding for this bridge with Governor O'Malley.

Councilmember Brubaker asked if the improvements would be developer funded. Mr. Tissue stated he doesn't think a developer would be willing to fund all the improvements.

The Mayor and City Council agreed to provide MDOT with this priority list.

Proposed Amendments to City Code Chapter 176, Peddlers and Transient Dealers

Mark Boyer, City Attorney, and Donna Spickler, City Clerk, presented proposed amendments to Chapter 176, Peddlers and Transient Dealers, to the Mayor and City Council for consideration.

The amendments are being proposed to revise the classification of merchants based on the type of vending that is being considered. The classifications are as follows:

1. Vendor – person or entity in a fixed location

2. Peddler – a person or entity moving from place to place
3. Temporary Peddler – one day peddler
4. Transient Dealer – person or entity engaged in the temporary business of organizing a combined vendor sale within a structure within the City of Hagerstown.

An exemption is being included for lemonade stands, snow cone stands, etc. which do not exceed 14 days per calendar year. Revisions to the fee structure are being suggested, as well as establishing permitted operating hours for peddlers and vendors. With these regulations, a vendor is prohibited from being within 300' of a bricks and mortar business selling similar or competing items.

Mr. Boyer noted the current regulations have been in place since 1992, with minimal changes.

Councilmember Aleshire asked if these regulations apply to the person who sell clothing on Jonathan Street or to the yard sale type of activity on Antietam Street and Washington Street. Mr. Boyer stated these regulations apply to businesses that are not located in a structure. Yard sales are regulated by Maryland law.

Councilmember Metzner noted that a distance limitation of 300' would likely prohibit a vendor from being any place within the downtown area. The distance limitation was added to the regulations to address food stands near grocery stores. He suggested limiting the distance in the downtown area to 100' and 300' in other areas.

There was discussion about the nature of lemonade stands and similar activities. These are usually operated by youth in a neighborhood at a residence. Mr. Boyer stated the Mayor and Council could exempt these stands from obtaining a license if they are operated at a residence.

Councilmember Munson asked if sidewalk cafes pay for the sidewalk space they utilize. Rodney Tissue, City Engineer, stated a café license is required, but there is no fee.

Councilmember Munson wants to address the yard sale type of items that are sitting in front of businesses. Mr. Boyer indicated merchandise on the sidewalk may be an encroachment issue.

Councilmember Metzner stated he believes it is the will of the Council to either enforce the current ordinances for encroachment or develop solid regulations and provide a solution to this issue.

Staff will incorporate the Mayor and Council's discussion into a revised draft of the amendments for further review.

Mr. Boyer left the meeting.

Mayor and Council Long Term Budget Strategy

Bruce Zimmerman, City Administrator, stated it is anticipated during the coming months that the Mayor and Council will focus on establishing a Long Term Budget Strategy for the City. A strong base from which the Mayor and Council may wish to begin the process is from the financial projections that were included in the FY 13/14 Budget. Michelle Hepburn, Acting Finance Director, was also present.

While the City has been praised by the rating agencies for the strong management of financial resources, and the City has lowered the cost of its operations to offset the impact of the economic recession, there is still more work to be done in positioning operations and finances for the future.

There are numerous issues to discuss related to the City's Budget and future use of financial resources, but the most immediate issue the City faces is the need for additional resources to sustain General Fund operations and support appropriate compensation levels for employees. Financing needs to be positioned to restore funding for employee pay steps. Information related to this need is included on pages 1-12 of the financial projections.

A key issue related to employee compensation will be the next Triennial Reassessment of Real Estate Values, which is scheduled to be released later this fall. This will be a major determinant of the health of the primary source of operations revenue, the property tax, for FY 14/15 and beyond.

Other important elements to consider in this area of the budget will be cost protections related to employee and retiree health insurance and the City's pension funding for police and fire employees. Both make up a significant portion of annual expenditures. While strong funding for health insurance and pension programs has been maintained, this is a cost that has been overlooked by some municipal governments as they fight to maintain sustainable operations and financial solvency.

There are a number of important community based capital improvement projects of interest to the Mayor and Council. These projects will also be key factors in the budget strategy and include the following:

1. Minor League Baseball Stadium
2. Third Downtown Parking Deck
3. MELP Project
4. Downtown Revitalization Projects
5. Pavement Preservation Program
6. Neighborhood Park Projects
7. Stormwater Management Projects

An important component of the City's financial planning is the current level of debt and plans for future bond issues. Debt financing is critical to the City's ability to maintain the infrastructure, upgrade utilities and purchase major equipment. As the

Mayor and Council consider how projects such as the third parking deck, stadium, and MELP fit into the Long Term Budget Strategy, debt service costs will need to be included in the planning.

The development of new sources of revenue and strengthening of existing ones is very important to the future health of City operations and finances. In developing a budget strategy, staff would encourage the Mayor and Council to focus on how to strengthen the City's financial resources to sustain operations and maintain a vital city. Some options include:

1. Stormwater Management Fee
2. Fire Service Tax
3. Red Light Cameras
4. Utility Dividend Transfers to the General Fund
5. Parking System User Fees
6. Water and Wastewater Fees, Rate Differential, and 5 Year Rate Schedule
7. Utility Tax Rate
8. Other service charges and fees
9. Safe Speed for Schools Programs

Another area of the budget to consider is the reliance on State and Federal funding. The City has been very successful in applying for and receiving grants to support police operations, utility plan upgrades, and community and economic development projects. The City will continue to need this grant revenue. In addition, focus needs to remain on future use of declining revenues such as Community Development Block Grants and State Highway User Revenue.

Consideration should also be included of any needed updates to the City' financial policies related to the General Fund Reserve, Debt Service, Capital Improvement Programming, Revenues, and the Operating Budget.

Other elements the Mayor and Council may wish to consider are:

1. The use of the \$ 625,000 in revenue from the City's sale of the Army Reserve center.
2. Invest Hagerstown Residential Program.
3. Mayor and Council service level and program facility priorities.
4. Future City funding of the County's 911 Communications Program.
5. Downtown and Neighborhood Revitalization Initiatives and Projects.
6. Potential Sale of City owned buildings and parking facilities.

Councilmember Aleshire asked if the projected deficit in the FY 14/15 budget is still \$ 3.8 million. Mr. Zimmerman stated the projected deficit includes the capital improvement projects listed previously.

Councilmember Brubaker mentioned that, unless the expenditures are made in 2014, there will not be debt service in FY 14/15 budget.

Mr. Zimmerman stated the \$ 4.2 million bond issue approved for 2013 includes funding for a MELP project and a new fire truck. It does not include funding for a stadium or a third parking deck.

Councilmember Brubaker asked what debt service is being included for 2015. Ms. Hepburn stated there is a bond issue scheduled for 2015.

Councilmember Aleshire stated he believes the best way to proceed with the budget process is to determine what funding resources are supported by the majority of the Council. He needs to know which revenue sources he is willing to support before expenses are reviewed. Employee wages and benefits would not be the first item of discussion for him.

Mayor Gysberts stated the City has reduced expenses as revenue decreased. Expenses are at a minimum now.

Councilmember Metzner pointed out an increase in the property tax rate is not on the list of possible revenues. He stated he has mentioned a property tax increase for a number of years.

Councilmember Munson suggested using part of every work session to discuss the budget.

Councilmember Brubaker stated each penny on the tax rate generates \$ 250,000. Councilmember Aleshire noted that an increase of 12 cents on the tax rate would generate \$ 3 million.

Councilmember Aleshire believes the projects supported by a majority of the Council should be included in the preliminary budget to see what the numbers look like. He supports a third parking deck

Councilmember Brubaker stated an analysis of the costs and benefits for each capital improvement project needs to be completed.

Councilmember Metzner stated the projects could be included, with the understanding that additional information is needed. He fully supports the MELP project.

Councilmember Brubaker stated reduced expenses should be added to the list of revenue sources.

Councilmember Metzner stated this will be the fourth year in a row that a tax increase has been needed but not implemented. Councilmember Nigh supports a tax rate increase.

Councilmember Metzner stated the Council has to decide what is going to be spent and then determine how to fund the budget. He believes taxpayers should be informed about what the increased revenue would be used for. He thinks it is clear it would not be

for a stadium. An increase in the tax rate would not likely be in excess of the total that taxpayers were paying just four years ago, Past administrations addressed and implemented a reasonable increase on the tax rate on a regular basis. The increase would be for employee compensation, not stadiums or capital projects. Employees have been doing more with less.

Councilmember Metzner stated as Councilmember Brubaker has pointed out, if there was an appropriate county tax set off, the City would not be in this situation.

It was the general consensus to include budget discussions on work session agendas on a regular basis. The first budget session will be held on September 24, 2013, prior to the Regular Session. The topics will include the first three items on the potential revenue source list.

Lobbying Coalition Priorities

Councilmember Aleshire provided information for the Community Coalition meetings. Projects that the Coalition has agreed to include on a priority list are:

1. Professional Court Bridge
2. Widening of I-81
3. Maryland Theatre
4. Broadband services in Hagerstown
5. Third Parking Deck
6. Stadium
7. Reinvestment in Downtown
8. MELP

The Coalition is seeking input from the City on the Professional Court Bridge, Maryland Theatre, Broadband services and a third parking deck in order to prepare the fact sheets that are submitted to the Legislation. He stated a bond bill may be presented to the Maryland Legislature for the Maryland Theatre. He stated it appears interest in the stadium project is diminishing.

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 had no additional comments.

Councilmember M. E. Brubaker had no additional comments.

Councilmember K. B. Aleshire has discussed the hookah lounges with Chief Holtzman. He wondered if there is interest in considering implementing a uniform residential lease ordinance.

Councilmember D. F. Munson stated if there is not going to be a stadium downtown the Mayor and Council should develop a vision statement for downtown, which includes education and economic development. He apologized to Kathleen Maher, Planning Director, for how he handled the discussion about the noise ordinance during last week's meeting.

Mayor D. S. Gysberts stated September is Emergency Preparedness month. The annual Remembrance in the Park will be held today at 6:30 p.m. in City Park. Several events are being held in Hagerstown this coming weekend, including the Hispanic Heritage Festival and the Neighborhoods 1st Porch Fest. He thanked everyone who helped organize the "Out of the Darkness" suicide prevention walk. The grand opening of the new library will be held on Saturday, October 5, 2013.

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 6:09 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: October 22, 2013