

EXECUTIVE SESSION – February 11, 2014

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 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 10-508(a)) to conduct collective bargaining negotiations or consider matters that relate to the negotiations, #9(Section 10-508(a)), and to consult with counsel to obtain legal advice, #7, (Section 10-508(a)) at 3:40 p.m. in Room 407, 4<sup>th</sup> Floor, City Hall, Hagerstown, Maryland.

Councilmember Metzner noted the time is 3:40 p.m. Councilmember K. B. Aleshire was not present for the vote but arrived later.

A discussion with legal counsel regarding the MELP Property was removed from the agenda.

The following people were in attendance: Mayor D. S. Gysberts, Councilmember K. B. Aleshire, Councilmember M. E. Brubaker, Councilmember L. C. Metzner, Councilmember D. F. Munson, Councilmember P. M. Nigh, City Administrator Bruce Zimmerman, Michelle Hepburn, Acting Finance Director, Karen Paulson, Director of Human Resources, Scott Nicewarner, Director of Technology and Support Services, Rodney Tissue, City Engineer, City Attorney Mark Boyer and Donna K. Spickler, City Clerk. The meeting was held to discuss various personnel issues, AFSCME # 3373 union contract negotiations and a request from the Hagerstown Suns to extend the current lease. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the meeting was adjourned at 4:41 p.m.

WORK SESSION – February 11, 2014

Mayor D. S. Gysberts called this Work Session of the Mayor and City Council to order at 4:15 p.m., Tuesday, February 4, 2014, 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 Mark Boyer, and City Clerk D. K. Spickler.

Preliminary Agenda Review

**Consent Agenda**

A. Department of Parks and Engineering:

1. Parks – Fairway Mower – Finch Services, Inc. (Westminster, MD) \$ 38,925.00

2. Parks – Mowing Contract for Various Parks – J R Services (Smithsburg, MD) \$ 61,004.62
3. Parks – Mowing Contract for Greens at Hamilton Run – J R Services (Smithsburg, MD) \$ 16,500.00

B. Department of Utilities:

1. Wastewater: Backhoe/Loader – Jesco, Inc. (Frederick, MD) \$ 79,685.88
2. Water: Emergency Purchase – Valve Replacement - HD Supply (Martinsburg, WV) \$ 26,261.96

C. Department of Community and Economic Development:

1. Various Street Closures for Events in 2014 – 13 Events
2. Open Containers Law Exemption – Western Maryland BluesFest (May 29, May 30 and May 31, 2014) and Augustoberfest (August 23 and August 24, 2014)

D. Police Department:

1. Police Patrol Rifles – Lawmen Supply Company (Lanham, MD) \$ 17,634.56
2. Trimble GPS Units – Brekford (Hanover, MD) \$ 24,220.00

There were no questions regarding the consent agenda.

**Approval of a Resolution: Contract for Placement of ATM Machines at Three Locations**

Karen Giffin, Community Affairs Manager, and Eric Deike, Director of Public Works, discussed ATM services at the City Market and parking decks. Two companies responded to the request for proposal, and World ATM bid the highest amount of rent for each location. The total monthly income from all three locations will be \$ 1,050.00. The ATM provider will install and maintain the ATM equipment and all proposed signage. The supplier will be responsible for the total installation.

It was the general consensus of the Mayor and City Council to include approval of the contract on the February 25, 2014 agenda.

**Approval of Proposed Contract Revision for Urban Partners on Economic Analysis and Implementation Plan for Hagerstown's Sustainable Community Plan**

As was indicated on December 3, 2013, when the contract with Urban Partners was awarded, since the project came in under bid there was the possibility of expanding the scope of services to gain additional work from Urban Partners if so approved by the Mayor and City Council and the grantor, the Maryland Department of Business & Economic Development. At that time, the Mayor and City Council indicated an interest in seeing as much community engagement as possible to allow for excellent public input into the process of developing a data-driven road map for the future of the downtown.

Last month, staff requested a proposal from Urban Partners to allow for a certain number of additional interviews with community stakeholders and to allow for a certain number of additional focus group meetings to allow the City to really drill down into topics with members of local stakeholders in those fields. The proposal is \$ 6,500 to allow for additional community engagement.

The Maryland Department of Business and Economic Development has reviewed the proposal and indicated that such a revision to the contract would be acceptable, since it does not exceed the grant award.

It was the general consensus to include approval of the contract revision on the February 25, 2014 agenda.

This completed the preliminary agenda review.

Mayor Gysberts announced there will be no Mayor and Council meeting on February 18, 2014.

#### Substructure Rehabilitation of Three Bridges on Burhans Boulevard

Rodney Tissue, City Engineer, stated staff has been working with the Maryland State Highway Administration and Washington County Engineering staff for several years to address needed rehabilitation of three bridges on Burhans Boulevard. These bridges carry traffic on Burhans Boulevard over the Norfolk-Southern Railroads. The bridges were all built in 1960 and last rehabilitated in the late 1980's. Funding for the project is 80% from Federal Aid as administered through the Maryland State Highway Administration (SHA) and a 20% match by the City of Hagerstown.

Staff would like to have three documents approved by the Mayor and City Council to allow this project to move to construction. This includes the construction contract, the inspection agreement with the SHA, and the agreement with Norfolk-Southern regarding access to the bridges.

The low bidder for the project was Olympus Painting of Tarpon Springs, Florida, with a low bid in the amount of \$ 1,312,672 for the rehabilitation of all three bridges. Staff is requesting that the Mayor and Council approve the bid contingent upon a concurrence of award from the SHA and that Olympus meets all of the minority business enterprise goals and other requirements set forth by the Federal Aid program.

Since inspections are also 80% funded by the SHA and because the City's manpower that has relevant bridge repair experience is limited, staff is suggesting that the City contract with the SHA to provide inspection services for the rehabilitation of the bridges. The City's share is in the not-to-exceed amount of \$ 14,242.00.

An October 8, 2013 permit/agreement with Norfolk-Southern Railroad gives permission to the City to access the bridges at Norfolk-Southern with a list of their

conditions. One of the conditions would be that the City reimburses the railroad for a track flagman with an estimated cost of \$ 199,156.00. This flagman cost is also eligible for 80% federal funding so the City share is \$ 40,000.00.

The other significant issue is the required liability protection by the railroad. The permit states that the City must assume all risk and indemnify the railroad. Staff is attempting to find insurance to cover such an act in addition to having the contractor name the City as an additional insured party. Insurance policies will be reviewed.

Councilmember Munson asked how often the bridges are inspected. Mr. Tissue stated inspections occur every two years. Staff has been watching these bridges closely. The bridges have to deteriorate to a certain level before being eligible for Federal assistance.

Councilmember Brubaker questioned why the City is responsible for funding for this work when Burhans Boulevard is State Route 11. Mr. Tissue stated he understands that because the bridges are in the City, the City is responsible for providing a portion of the funding. There is no agreement covering what each party is responsible for. Councilmember Brubaker wondered if other jurisdictions are required to provide funding for bridges on Route 11. He stated the State of Maryland should be responsible for the funding. Mr. Tissue will pose this question again to the State.

Councilmember Munson asked if the contractor will use local workers. Mr. Tissue stated they will use local subcontractors.

Approval of the three documents will be scheduled for February 25, 2014.

#### Hagerstown Arts & Entertainment District Logo

Karen Giffin, Community Affairs Manager, and members of the Hagerstown's Arts and Entertainment District Board were present to unveil the A & E District logo.

The A & E Board is working to make individuals more aware of the great assets of the district. The first item that the board agreed to do is develop a logo for the district. The logo, created by Chris Brewer, was then unveiled.

The Arts and Entertainment District FY 2013 report completed by staff noted 55,975 attendance for events, 15,700 attendance for festivals and 121,248 attendance for district enterprises.

#### 100<sup>th</sup> Anniversary – Hagerstown Municipal Band

Karen Giffin, Community Affairs Manager, Christopher Stockslager, Joel Guyton, Betty Sue Kitchen and Karen Hart, Hagerstown Municipal Band, were present to discuss plans for the band's 100<sup>th</sup> Anniversary.

The band has designated the weekend of July 11 through July 13, 2014 as the weekend to have celebration activities in recognition of the anniversary. Some highlights include an event at the Washington County Museum of Fine Arts, a picnic for current and past band members, a commemorative program and a special concert.

City staff recommend providing a sponsorship of \$ 2,000 to assist in underwriting the picnic and the commemorative program. The City could also assist in creating e-casts and a promotional video outlining some of the history and the weekend events. Staff would also assist in selling advertising for the program. The \$ 2,000 sponsorship would be included in the FY 2015 public functions budget.

The Mayor and City Council agreed to sponsor the activities. They thanked the members of the Municipal Band for their dedication.

#### FY 13 Consolidated Annual Financial Report (CAFR) Presentation

Michelle Hepburn, Acting Finance Director, and William Seymour, SB & Company, LLC, presented the FY 13 Consolidated Annual Financial Report (CAFR). Ms. Hepburn thanked the Finance Department for their dedicated efforts. Special recognition was extended to Rana Rose, Accounting Manager, for her commitment and dedication.

Ms. Hepburn stated most of the funding for the governmental revenue is from tax dollars. The largest expense in the General Fund is Public Safety. Revenue in the enterprise funds is derived from fees for services. Total expenditures for the year were \$ 52.2 million which is slightly less than the previous year. New GASB regulations will impact the FY 16 budget. GASB 58 requires recording of pension liabilities. Currently, the unfunded liability is slightly less than \$ 23 million. The underfunded ratio is 44%. Actual revenue in the General Fund for FY 13 was \$ 1.4 million above the budgeted amount. Expenditures were \$ 300,000 above the budgeted amount. This is due to additional CIP funding for police patrol vehicles. Per the City's policy, the reserve is targeted to be 10% of total expenses. Ms. Hepburn stated the City has just over 2.6 months worth of expenses in restricted funding.

Mr. Seymour reported the scope of services included the audit of the June 30, 2013 financial statements, performance of the OMB Circular A-133 Single Audit, review of the Uniform Financial Report, and review of the Data Collection form. SB & Company, LLC issued an unmodified opinion on the financial statements. No material weaknesses were noted and they did not discover any instances of fraud. Mr. Seymour stated they received full cooperation from management during the audit.

As mentioned by Ms. Hepburn, GASB 67 and 68 will require governments to report a net pension liability on the statement of net position, effective for FY 15.

Mr. Seymour noted that an adjustment arising from the audit could have a significant effect on the entity's financial reporting process. Management passed on an entry to record a reduction in the OPEB expense for approximately \$ 387,000 on the government-

wide financial statements. Mr. Seymour stated this entry is not material to the financial statements; however, they are required to note it. Mr. Zimmerman stated the entry was discussed with the auditors, staff and him and the decision where to post it was made together. Mr. Seymour stated this is really a note of a judgment issue and how management chose to record it. It is not a significant issue.

Councilmember Aleshire asked how fraud and illegal acts are determined. Mr. Seymour stated they look at controls and determine if they are sound. What they found during the audit is adequate fraud controls are in place and staff is following the controls.

Councilmember Brubaker stated many jurisdictions are not as transparent as the City of Hagerstown. The City is fully funding the pension, without increasing the employee's share. The City has a sound financial base.

Mr. Zimmerman thanked Ms. Hepburn and Ms. Rose for their work in getting the audit completed on time. The Mayor and Council have done a good job of staying informed about the budget throughout the year.

#### Recommendations for Health Care Changes for July 1, 2014

Karen Paulson, Director of Human Resources, and Susan Delauter, Human Resources Administrator, presented a series of proposed changes to the City's health care plans as recommended by the City's Health Care Committee.

It has been several years since any significant changes to the health care plans have been made. The medical and prescription plan costs increased 11% on July 1, 2013. The City absorbed this increase and did not raise premiums or change coverage levels for employees or retirees. The City's health care budget for FY 13/14 is \$ 7,362,000. The health care expense is projected to increase an additional 13.1% or \$ 876,000 on July 1, 2014, if there are no changes to the plan. The Health Care Committee has worked closely with CBIZ to recommend several changes to the active and retiree plans to be effective July 1, 2014. If the proposed changes are approved and implemented, the projected increase is reduced from the 13.1% to approximately 8.9%.

The cost of the Level medical plan will be subject to excise taxes in 2018 as a high cost health plan under the Affordable Care Act. These taxes will have a significant financial impact. The recommended changes will help to reduce this future obligation. The Committee, with CBIZ's expertise, will continue to monitor and address the effect the Affordable Care Act has on each plan's coverage and costs.

Recommended Plan changes are as follows:

1. To reduce administrative fees for the medical and prescription drug plans, the committee recommends changing the Administrator for the plans from CareFirst Administrators to United Health Care (UHC). While it has been

determined that there will be minimal disruption of health care providers and facilities there will be several doctors that are not in the UHC Network. A list of providers was provided to the Health Care Committee and this information will also be communicated to participants.

2. The prescription drug copays will change to a copay structure of \$6/\$30/\$5. The 50% copay will be eliminated and the copays for mail order refills (90 days) will change. The prescription drug coverage will move from Express Scripts to the United Health Care prescription plan. There will be changes to the prescription drug tiers (generic/formulary). Staff expects this change to have the most impact on participants. Some drugs may have an increased or decreased cost, based on which tier the drug is placed.
3. The out-of-pocket maximum for the Level Medical Plan and retiree <65 plan will be increased. The Affordable Care Act requires that all out-of-pocket expenses for services including deductibles, office visit copays, and prescription copays will count toward the out-of-pocket maximum.
4. The individual deductible in the Plus high-deductible medical plan will be lowered to offer employees affordable coverage. The out-of-network co-insurance on the Plus Plan will also change to 70%.

It was the general consensus of the Mayor and City Council to approve the changes as recommended by the Health Care Committee so that implementation and communication can begin immediately to employees and retirees.

Mr. Zimmerman noted employees are not being required to pick up any of the cost of the increase in the premium. He acknowledged the work that Ms. Delauter does in reviewing plans and assisting employees.

#### Housing and Neighborhoods Legislation Update

John Lestitian, Director of Community and Economic Development, Chief Mark Holtzman, and City Attorney Mark Boyer were present to review draft ordinances for Chapter 95 and Chapter 197 of the City Code.

At the Work Session on February 4, 2014, staff presented three decision points for Chapter 95 and Chapter 197. Based on Mayor and Council direction, staff have coordinated with the City Attorney to make the required edits. In addition to the decisions being reached on Decision Points 2 and 3, the housekeeping edits offered on February 4, 12104 were accepted and additional clarifying language has been added to include that domestic violence events are not qualifying calls, that an HPD officer verifies that a qualifying event has occurred and that training may be sponsored or approved by HPD.

The remaining decision point follows:

1. Decision Point #1 – Does the Mayor and Council want a property owner whose property has been designated as a Chronic Nuisance Property due to Code Administration Notices of Violation to lose his/her Residential Operator Certification?

Councilmember Aleshire left the meeting.

The decision from February 4, 2014 was tied. Councilmember Brubaker was not present at the meeting and has been provided the information from the previous meeting.

Councilmember Brubaker clarified that a list of chronic violators would be published for police calls, not code violations and that the owner would not lose their certification for repeated code violations. Mr. Lestitian indicated that is correct. Councilmember Brubaker suggested reviewing this approach at the end of a one year period.

Councilmember Brubaker stated the Mayor and Council are trying to improve the neighborhoods, not punish landlords. He would be in favor of also publishing the names of the code violation properties as well. He would like to revisit this requirement in six months. Councilmember Brubaker stated he supports the loss of a certification for qualifying police calls (excluding Code violation nuisances). This is being referred to as Decision Point #1.

Mr. Zimmerman reminded the Mayor and Council the ordinances for Chapter 95 and Chapter 197 have been introduced. It was the general consensus of the Mayor and City Council to schedule approval of both ordinances on the February 25, 2014 Regular Session.

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

*Bruce Zimmerman, City Administrator*, thanked Eric Deike, Director of Public Works, and the Public Works staff for their efforts during the many storms this winter. He also thanked the Parks and Utilities departments for their assistance.

### **MAYOR AND COUNCIL COMMENTS**

*Councilmember D. F. Munson* thanked employees who have been clearing snow during the many storms.

*Councilmember M. E. Brubaker* stated the meeting with the Community Coalition and the legislators on January 30, 2014 was productive. The legislators remember the Coalition's efforts from year to year.

*Councilmember L. C. Metzner* mentioned that trash and rubbish may not be collected on schedule this week since there is a significant snowfall anticipated on Thursday.

*Councilmember P. M. Nigh* stated there were two more heroine overdoses last week.

WORK SESSION AND EXECUTIVE SESSION  
2014

FEBRUARY 11,

MAYOR AND CITY COUNCIL

HAGERSTOWN, MARYLAND

*Mayor D. S. Gysberts* agreed that the day in Annapolis was productive. He attended two other events in Annapolis last week – one with Donna Brightman and the other with the Mayor’s Association at the Governor’s mansion. He thanked the 4<sup>th</sup> grade students at Bester Elementary for welcoming him today.

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 6:45 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: March 25, 2014