

WORK SESSION – July 17, 2014

Mayor D. S. Gysberts called this Work Session of the Mayor and City Council to order at 4:09 p.m., Tuesday, July 15, 2014, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, M. E. Brubaker, L. C. Metzner, and P. M. Nigh; City Administrator Bruce Zimmerman, and City Clerk D. K. Spickler. Councilmember D. F. Munson was not present.

Joint Meeting with the Washington County Board of Education

A joint meeting was held with representatives of the Washington County Board of Education. The following Board representatives were in attendance: Justin Hartings, Board President, Paul Bailey, Karen Harshman, Donna Brightman, Melissa Williams, Wayne Ridenour and Dr. Clayton Wilcox.

Mayor Gysberts stated Councilmember Munson sends his regrets that he is unable to attend this meeting. He supports the Board of Education.

Mr. Hartings stated the Board of Education (BOE) is heavily invested in Hagerstown and appreciates the City's efforts in improving downtown. He noted Jacqueline Fisher sends her regrets that she had a prior commitment and is unable to attend this meeting.

The BOE is planning a downtown academic hub and there is a need for high school enrollment space. The success of the Barbara Ingram School for the Arts (BISFA), the Technical High School, and the University System of Maryland – Hagerstown (USMH) indicate students are seeking out this type of experience. The BOE has created a new space for students through a virtual high school concept. Students spend part of the day in traditional academic classes and another part of the day studying their chosen field. There are more applications for BISFA and the Technical High School than spaces available. They are looking at the Frederick Street facility as a place for hands-on study. To accommodate the need for academic class space, the BOE is planning to expand to the building between the Maryland Theatre and BISFA. They believe they can create an energy that will create interest in the arts downtown. Their project is a stand alone project but they want to pursue opportunities to create synergy with downtown.

The estimated cost for the acquisition and renovation costs for the property between BISFA and the Maryland Theatre on S. Potomac Street is \$ 15 million. The BOE is asking the City of Hagerstown for their support with this project. The Washington County Commissioners have committed \$ 400,000 toward the project. Specifically, the BOE is requesting the following from the City of Hagerstown:

1. \$ 1.5 million upfront (or over the first three years)
2. Assistance with permit fee costs
3. Expedite permit process
4. TIFF arrangement to keep costs low
5. Assistance with parking
6. Assistance with staging area

They would like to incorporate the City's commitment into the financial model. Mr. Hartings pointed out the BOE's vision matches well with the vision in the Urban Partners report. This is a unique opportunity to benefit the community, students, and economic development.

Mayor Gysberts stated the Council met in April with the BOE and there was consensus to move forward at that time. Councilmember Munson relayed to the Mayor he is fully supportive of the project.

Councilmember Aleshire does not think the City can absorb \$ 1.5 million for the project, at least not upfront. He believes the property at 19-23 W. Antietam Street (after the building is demolished) would be a good staging area. He would support assistance with the permitting process and an appropriate TIFF. He believes parking is one of the most important amenities and is supportive of a third parking deck.

Councilmember Nigh is supportive of the requests made.

Councilmember Metzner is supportive of the project. As information is provided regarding costs for a parking deck and other details, he is willing to continue to discuss the City's commitment.

Councilmember Brubaker believes there can be ways to negotiate the permit fees. The TIFF can be incorporated into the financial plan. He stated the Council will need to consider how much value a parking deck will add to the planned projects. He believes the City will find a way to grant the requests and make the commitment. He anticipates the main source of funding from the City will be through bond financing.

Mayor Gysberts suggested developing a two to three year plan for the funding. The consensus expressed by the Council is one of support. This is a great opportunity and it is reclaiming downtown for the City's youth.

Ms. Brightman inquired how the value of parking is determined. Councilmember Aleshire stated he would use an average of \$ 20,000 per space. If the BOE would pay half the cost of spaces they need, it would equate to approximately \$ 1 million. Ms. Brightman asked if there would be spaces available for the BOE's need. Councilmember Brubaker stated definitive numbers for parking needs will be required to determine if enough spaces are available.

Councilmember Metzner stated the Columbia Bank lot mentioned will be the most expensive location for a deck and other locations should be considered.

Mr. Hartings stated the BOE's intent is to discuss parking needs, not to say the project won't happen without parking from the City.

Councilmember Brubaker stated he believes by working together, the BOE and the City can determine locations for needed parking. Reports have cautioned the City not to create parking based on speculation.

Mr. Hartings inquired if the BOE's expansion project is in competition with the catalyst projects identified in the Urban Partners report. Mayor Gysberts stated the BOE's expansion is included in the Urban Partners report as an assumption and is not in competition with the catalyst projects.

Councilmember Aleshire stated one of the good things about the catalyst projects is that they are location oriented, not project oriented.

Councilmember Brubaker pointed out there are limited resources available; however, that does not put the eight catalyst projects ahead of the expansion on a priority list.

Mayor Gysberts stated as funding and opportunities are known, the projects will be reviewed.

Mr. Hartings clarified the new facility is not an expansion of BISFA. If the new facility is large enough to house the classroom area for BISFA students, the space they are currently using at USMH will be used by other students as academic space. The BOE will work with all the partners to develop a detailed plan for the project.

Mayor Gysberts thanked the BOE for their support of downtown.

A break was taken. The meeting reconvened at 5:21 p.m.

Actions for Implementation of the Community's City Center Plan

Kathleen Maher, Planning Director, Jill Frick, Community Economic Development Manager, and Jim Hartling, Urban Partners, were present to discuss implementation of the City Center Plan.

Mayor Gysberts thanked staff for developing a plan for moving forward with several projects.

Urban Partners presented the Community's City Center Plan on June 17, 2014, and an update is now being presented, 30 days following the release of the report. The Community's City Center Plan is the result of broad community input with the consultants spending more than 130 hours collecting feedback from the community. Outreach to the community included, but was not limited to, a range of stakeholders.

Since the June 17th meeting, the Mayor and Council have authorized the application for Community Legacy funding to support catalyst projects. Additionally, the Mayor and Council voiced support towards Catalyst Project #8, Expanded and Targeted Home Ownership Support Strategies. The Mayor and Council are scheduled to support Catalyst

Project #8 at the July 22, 2014 Council Meeting, through the introduction of ordinance amendments to the Rental Licensing Program and the authorization of the additional three (3) full-time positions to support neighborhoods. Additionally, staff are conducting research on possible operational models for the Farmers Market, in support of Catalyst Project #7, Expanded Operations of the City Farmers Market. Staff are also investigating potential acquisitions for the City's Homeownership Program, in support of Catalyst Project #8.

Staff is seeking action on the following three Catalyst Projects.

Catalyst Project 5 – Linking City Park and A & E District with Trail and New Housing.

This project creates a multi-use trail linking City Park with the Arts and Entertainment District at Washington Street. Additionally, the goal is to add 31 new townhomes along the trail in the first 10 years (more later). Plans include the rehabilitation of the Dagmar Hotel and three other W. Antietam buildings as 85 loft apartments.

The trail is envisioned to be more than just a walking and biking path. Preliminary discussions include ideas for a variety of features within the trail that would make it a destination for residents and visitors alike. Such features may include public art, interactive art, pedestrian amenities such as benches, a splash pad, a fountain and more.

The Mayor and Council Actions requested are as follows:

1. Authorize the Request for Proposal for the design of the trail amenities. The RFP would be to identify a qualified landscape architecture firm to work with the staff of the Engineering Division (who will design the trail and prepare the construction documents) to develop a trail theme and public amenities as described.
2. Approve the Funding Plan. Prior to design, staff estimate a trail without amenities would cost approximately \$ 750,000. The addition of amenities may add approximately \$ 200,000 more in costs. Staff recommend a budget of \$ 950,000 be established for the project. The proposed funding plan is \$ 365,000 from the proceeds of the sale of the Armory property, and the balance to be financed through bonds.
3. Authorize staff to negotiate the acquisition/transfer of the required properties. Preliminary conversations with property owners along the proposed trail have been positive and favorable. Staff would further these conversations into formal negotiations and agreements for property acquisition/transfer. Final agreement documents will be presented to the Mayor and Council for review and approval, and ordinances will have to be passed to approve the acquisition of easements or fee simple land acquisition.

Actions completed to date include preliminary conversations of support from three property owners and developed a construction timeline with planned completion by August, 2015.

Councilmember Aleshire asked how funding for these actions affect funding for other projects, i. e. the MELP property. He is not in favor of jeopardizing funding for the demolition of the MELP building. Mr. Zimmerman stated funding is available for the previous commitments the Mayor and Council have made.

Councilmember Aleshire asked how this project is tied to private investment. Mr. Hartling indicated the trail is what makes the housing attractive and attracts private investment.

Councilmember Aleshire supports the actions requested.

Councilmember Nigh asked for a list of property owners along the trail.

Mayor Gysberts agreed the trail would provide a good opportunity for public art along the trail and could include water features.

It was the general consensus to approve the actions requested and to move forward with the project.

Catalyst Project 3 – USHM Expansion Support Strategy

This project supports USMH's growth from 500 to 750 students, and supports the addition of facilities for culinary arts, tourism and hospitality program. Additionally, the goal is to capture student housing opportunities downtown with three upper-floor renovation projects creating 12 housing units for a total of 24 students.

The Mayor and Council Actions requested are as follows:

1. Authorize staff to negotiate/draft agreements with USMH and a property owner. The housing needs of USMH would be fulfilled by the private sector offering student apartments, and the proposed model for this project is to create a public-private partnership. A three-party agreement will be created between the city, USMH and a private property owner. USMH would provide a master lease to the property owner. The City would provide a guarantee to support up to 50% of any losses endured by USMH under the master lease. A conservative estimate is \$ 8,500 per annum. Final agreement documents will be presented to the Mayor and Council for review and approval.
2. Pledge \$ 250,000 from the City's First Third Grant Program for a student housing project. This is anticipated to be a mixed-use project with apartment units on the upper floors and retail on the first floor. Mixed-use projects are eligible under the guidelines for the First Third Grant Program. The pro forma provided by Urban Partners as a model for this project assumes funding from the First Third Grant Program. The Mayor and Council funded the City's First Third Grant Program in 2013 with \$ 1.2 million. The current available balance in the program is \$ 774,040.

Actions completed to date include received a letter of support from USMH for the concept and for further exploration, submitted Community Legacy Grant Application requesting funding for a student housing project and held preliminary conversations and received conceptual interest from one property owner.

Councilmember Aleshire agrees with the concept; however he did not envision using the First Third Funding for renovation of rental housing. He is concerned commercial projects would not be funded if there is a reserve for this project. He asked for a list of the property owners.

Councilmember Nigh wondered if the building across the street that is owned by the City could be used for student housing.

Councilmember Metzner indicated there has been strong support of post secondary housing in Hagerstown. This is how the Dagmar started operations. He stated it is abundantly clear this is an action plan the City should undertake.

Councilmember Brubaker would also like to find a way to incorporate some part of the commercial venture into the renovation of the buildings.

Councilmember Metzner thinks a bookstore would be a good addition downtown. He believes students from USMH would visit a bookstore. If the projects discussed during this meeting are successful, he pointed out there would be 500+ students at BISFA and USMH everyday. This would destroy the negative perceptions of downtown and would encourage people to visit downtown.

Catalyst Project 1 – Strategy for Office Development and Recruitment

This project positions downtown to compete for new office development using portions of the Central Parking Lot. The City will partner with a selected, experienced developer through a competitive process. The project involves an estimated 154,000 square-foot new office development across three buildings. Current parking accommodates the first 70,000 square feet; additional office space will require a new parking deck.

The Mayor and Council actions requested are as follows:

1. Authorize staff to prepare Request for Qualifications (RFQ) to identify potential developers of the Central Lot. Urban Partners will prepare a draft RFQ for staff review based on their experience and recommendations. The purpose of the solicitation is to identify potential developers for the Central Lot. The RFQ would allow the City to evaluate who is interested and which developer would be most successful based on a set of criteria.

Actions completed to date include developed conceptual renderings in partnership with Bushey Feight Morin Architects (BFM) and held preliminary conversations and received conceptual support from M & T Bank.

Councilmember Aleshire does not want to narrow the scope to a master developer or one who has a license with the City. Mr. Hartling stated this action request is the process that would be used to select the developer partner that would be most likely to assist the City in getting the project off the ground.

Councilmember Nigh does not want more empty buildings in downtown. Mr. Hartling stated this developer would look for someone who is looking for existing space.

Mayor Gysberts pointed out an advantage is that the developer would be completing the planning work.

It was the general consensus to authorize the RFQ.

Mayor Gysberts stated it is hoped that one catalyst project will spark another and so on. The key is to continue the engagement of the community. Meetings have been held with many community partners. The City will continue to look for ways to enhance the downtown. He believes this can be done with optimism and enthusiasm.

Councilmember Aleshire stated it is important to provide this information to every community partner and to display it for the public to see. He does not view the engagement with the community partners as an attempt to gain formal endorsement of what the City is doing.

Mayor Gysberts stated endorsement could be completed through participation with the projects from the community partners. He hopes there will be participation and acknowledgement of the plan.

The City recognizes and continues to support partners who are taking on projects to enhance the City Center. As these eight proposed projects are catalytic in design, the City believes downtown businesses and organizations will realize the positive impacts this plan is intended to create. The new Washington County Free Library, downtown arts organizations, the Washington County Historical Society, BISFA and countless others are all the City's downtown neighbors and catalysts. These neighbors are working together to strengthen partnerships and to create new synergies through this project.

Mr. Hartling stated they have been impressed with the speed with which the City is tackling the first steps. Moving at this speed is what he has seen with the most successful projects. He commended the Mayor and Council and staff for making a decision and moving forward with the plan. He anticipates there will be participation from the development community when they see things happening

MML Legislative Priorities

Councilmember Brubaker stated the MML is requesting Legislative Action Requests from all member municipalities in order to prepare for the upcoming legislative session. MML items are statewide and could benefit all municipalities. He recommended including the following items on the request:

1. Highway User Revenue (HUR) – Request that funding be restored to at least the prior level of funding and to establish a formula within the annual funding formulas.
2. Double Taxation – Establish a uniform formula that is fair to all residents.
3. Stormwater Management – Is an unfunded mandate. A statewide fee is the best solution and the language should include the flexibility and adaptability for dense urban areas.

Councilmember Aleshire noted that the City's storm drain system has been unable to contain the amount of stormwater from heavy rain events during the past few weeks. This is because of development north of the city. He noted stormwater management fees could be implemented within the local jurisdictions.

Councilmember Aleshire stated MML should also entertain all the items Delegate McIntosh discussed with the Mayor and Council and other elected officials recently. If the initiatives are acceptable in Baltimore, they should be acceptable in Washington County. He is also concerned about a lending institution's ability to keep a property remaining in the property owner's name, even after the bank has taken over the residence.

Mayor Gysberts stated the Washington County Lobbying Coalition will begin meeting soon. This group will also be establishing priorities in the coming weeks.

Mayor Gysberts reminded everyone that Urban Partners is holding a public meeting in the Community Room at the Washington County Free Library to present the Community's Plan for City Center today at 7:00 p.m.

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 6:30 p.m.

Respectfully submitted,

Donna K. Spickler
City Clerk

Approved: August 26, 2014