

WORK SESSION AND EXECUTIVE SESSION – April 21, 2015

EXECUTIVE SESSION – April 21, 2015

Councilmember D. F. Munson made a motion 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)), and to consult with counsel to obtain legal advice, #7 (Section 10-508(a)), on Tuesday, April 21, 2015, at 3:04 p.m. in Room 407, 4th Floor, City Hall, Hagerstown, Maryland. Councilmember M. E. Brubaker seconded the motion.

Motion carried 3-1, with Councilmember K. B. Aleshire voting No.

Councilmember L. C. Metzner arrived after the vote was taken.

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, City Attorney Mark Boyer, Karen Paulson, Director of Human Resources, Michelle Hepburn, Director of Finance, Rodney Tissue, City Engineer, and Donna K. Spickler, City Clerk. The meeting was held to discuss a contract for a new City Administrator, an update from the City Attorney regarding the union lawsuit ruling by Judge Beachley, and to review contracts for the Massey Property with the City Attorney. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the executive session was adjourned at 3:59 p.m.

WORK SESSION – April 21, 2015

Mayor D. S. Gysberts called this Work Session of the Mayor and City Council to order at 4:09 p.m., Tuesday, April 21, 2015, 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.

Poetry and Jazz Month

Breanna Myers, Kamryn Grosh, and Caitlin Lee Hendricks, students at the Barbara Ingram School for the Arts, read original poems in recognition of Poetry and Jazz Month.

Katie McNew, M.A. Writing, Lead Creative Writing Teacher, was also present.

Preliminary Agenda Review

Consent Agenda

A. Department of Community and Economic Development:

1. Application Permit for Blues Prelude – May 28, 2015, Maryland Theatre at University Plaza
2. Application Permit for Blues Fest – May 29, 2015 and May 30, 2015 – Maryland Theatre at Central Parking Lot
3. Application Permit for Blues Club – May 29, 2015 and May 30, 2015 – M & T Bank at Central Parking Lot
4. Application Permit and Open Container Exemption for Maryland Theatre Wind Downs – at Maryland Theatre – May 8, 2015, June 5, 2015, July 17, 2015, August 21, 2015, September 25, 2015 and October 16, 2015
5. Application Permit and Open Container Exemption for USMH Graduation – May 19, 2015

B. Department of Utilities:

1. Light: Four Transformers – National Transformer Sales (Raleigh, NC) \$ 28,106.00
2. Water: Software Upgrade of the MP2 Preventive Maintenance Program – CMMS Data Group (Chicago, IL) \$ 10,155.00

Development of a Continuing Operating Plan (COOP) is being added to the Consent Agenda. A contract would be awarded to Smith Planning and Design, LLC for a formal operating plan for the Hagerstown Police Department.

Councilmember Brubaker stated this item should be part of the budget discussion. Chief Mark Holtzman indicated funding for the contract is available in the current year budget.

Councilmember Aleshire stated Frederick County developed an overall document, with all the municipalities included with their own specifications. He wondered if the Washington County Emergency Operations Center already has a plan in place.

Chief Holtzman stated the Emergency Operations Manual deals with events and emergencies. The COOP covers operations at police headquarters during an emergency. Training and drills would be held periodically to keep the document fresh.

This item will be considered for approval at the April 28, 2015 Regular Session.

Approval of an Exemption From Chapter 155, Noise for Special Event at Hagerstown Church of the Brethren

The Hagerstown Church of the Brethren, 15 S. Mulberry Street, Hagerstown, Maryland, is planning to host an event for the neighborhood with an ice cream social on Saturday, May 30, 2015. The hours would be from 2:00 p.m. to 4:00 p.m.

The event includes music by Touchdown Sunset, a band from the Brownsville Church of the Brethren. A representative from the band has indicated that the typical decibel level is below 80 dBA outside the concert area.

Chapter 155 of the City Code allows exemptions from the Noise Ordinance for a variety of activities including parades, fireworks displays, festivals, and other special events by approval of the Mayor and Council. This event, as planned, will require an exemption by the Mayor and City Council.

It was the general consensus to include this exemption from the noise ordinance on the April 28, 2015 agenda.

This completed the Preliminary Agenda Review.

The order of the agenda was changed by consent of all members.

Maryland Lottery/Western Maryland Blues Fest

Karen Giffin, Community Affairs Manager, and Carl Disque, Western Maryland Blues Fest Chairman, reported the Maryland Lottery and Gaming Control Agency would like to be part of the Blues Fest.

They would like to do a live broadcast from the festival on Friday, May 29, 2015 at 7:57 p.m. They would do the Pick 3 and Pick 4 drawings at that time. They also would like to have a booth at the event on Friday and Saturday (May 29 and May 30). From the booth, they would like to give away scratch off tickets and many other Lottery promotional items. They would also like to sell several varieties of scratch off tickets and all on line games. At the end of the event, they would like to conduct a grand prize raffle drawing, giving away 10 Harley-Davidson scratch off tickets.

The Maryland Lottery would become a \$ 2,000 sponsor of the festival, and they would help to promote the Western Maryland Blues Fest, which is having its 20th Anniversary Event from May 28, 2015 to May 31, 2015. Lottery officials have met with City Staff to discuss logistics of the live drawing and the booth.

It was the general consensus to grant the Maryland Lottery's request.

Tree Boxes for the "000" Block of North Locust Street

Rodney Tissue, City Engineer, was present to discuss the request to protect the tree pits in the "000" block of North Locust Street. This request was discussed briefly during Council Comments on April 14, 2015.

The City is currently improving the tree pits and installing metal tree boxes in the "000" block of East Franklin Street. To address this request, the installation of tree boxes could continue around the block on to North Locust Street.

If a change order is made to the current contract, the estimated cost of the six metal tree boxes is \$ 5,000. If the Council wishes to approve the change order, staff suggest that available general funds within the current FY15 budget be used to add these three boxes to the current contract.

Councilmember Brubaker stated he thinks this is a good idea; however it should be discussed during budget discussions. If \$ 5,000 can be saved in the current budget it will improve the outlook for future years.

Councilmember Aleshire stated there is no guarantee that money saved in the current budget year will be included in next year's budget. Installation of tree boxes should be completed in a planned manner. Before he would approve a change order, he would have to see how it fits into the overall street improvement plan.

Councilmember Munson pointed out the improvements to Franklin Street are quite obvious. He thinks tree boxes in the area of Burkett's Deli will improve the customer's experience. Many people who visit the deli are from out of town. It makes sense to him to continue the improvements onto this block of North Locust Street.

Some tree boxes have been installed on North Potomac Street by a business and through a community outreach.

Councilmember Metzner stated the request is a valid one; however, the City should not install tree boxes based on individual requests. Staff should have a plan for when and where tree boxes are installed.

Councilmember Munson stated he thinks the property owner may be able to assist with some funding. Councilmember Nigh stated other property owners in that block may be able to contribute as well.

Mayor Gysberts clarified the consensus is to develop a plan for installing tree boxes.

BMX Funding Request

Rodney Tissue, City Engineer, and Brian Caron, Hagerstown BMX, were present to provide an update of funding received by BMX.

As suggested by the Mayor and Council at the February 10, 2015 Work Session, staff contacted the Convention and Visitors Bureau (CVB) regarding available funding. The CVB board approved \$ 5,000 to the BMX group for improvements to the track.

Mr. Caron asked if the Mayor and Council are willing to offer any matching funds to support the facility and the children who use it. He indicated funding is still needed for items such as asphalt, fencing, a sound system, and other improvements.

Mr. Tissue indicated funding is available in the general fund contingency.

Councilmember Metzner asked what the balance is of the contingency. Michelle Hepburn, Director of Finance, will provide this information.

Councilmember Nigh suggested the group contact contractors to see if work can be completed at a reduced rate or donated.

Councilmember Brubaker does not want to commit more funds from the budget without further review of the FY16 budget.

Councilmember Metzner suggested providing up to \$ 5,000 in matching funds for the work.

Mr. Caron stated the BMX holds two fundraisers during the year. He will provide an update of the fundraising efforts to the Mayor and Council after the fundraisers are held.

Library Public Art Funding Request

David Hanlin, Development Coordinator of the Washington County Free Library, was present to request that the Mayor and City Council consider providing \$ 5,000 toward a new piece of public art at the Library.

Toby Mendez, a native of Washington County, was commissioned to create a work of public art for the Library. The work is a bas relief that builds upon one of the design themes of the Alice Virginia and David W. Fletcher library: the transportation history of Washington County and Hagerstown. The work will be placed on the retaining wall on the rear plaza of the Fletcher branch.

A special fundraising effort was held to pay for the cost of the sculpture, which resulted in more than \$ 144,000 being donated. The unveiling of the art will be held on April 30, 2015. Mr. Hanlin stated he hopes the City of Hagerstown will join the major supporters of the artwork.

Councilmember Brubaker does not want to commit funding until further budget discussions are held. If the funding is approved, he suggested using funding in the public art CIP.

Councilmember Munson stated this is a worthwhile project and Councilmember Brubaker's idea is good.

Councilmember Metzner believes the funding could be included in the FY16 budget.

Councilmember Aleshire stated he doesn't think the location (at the rear of the building) is the best place. The discussions between the County Commissioners and the Mayor and Council regarding the demolition of the blighted buildings that are visible

from the library are ongoing. He would rather commit funding to the removal of those buildings to improve the aesthetics at the library.

Councilmember Metzner asked if other municipalities in the County had been approached for funding. Mr. Hanlin stated they had not. The request was made to the City of Hagerstown, given the Mayor and Council's support of public art.

Councilmember Metzner noted that he would rather have public art in an area where people walk by, instead of at a rear entrance.

Councilmember Brubaker suggested that a directional sign showing library patrons the way to the A & E District be placed at the check out counter. Mr. Hanlin stated there is a sign near the checkout desk showing downtown events. They have discussed a display but resources are not available to maintain it.

Mayor Gysberts stated the art will make that part of the library attractive. It is also about Hagerstown's history. He clarified that the consensus is that funding would be considered during FY 16 budget discussions.

Councilmember Metzner stated he thinks they all agree that it is a great project. The issue is the location and the City's budget constraints.

Councilmember Munson asked if there was consideration given to locating the art in the front of the library. Mr. Hanlin stated they had and there were concerns about the safety in that location. Mr. Mendez also had input in the location, as the commissioned artist.

Councilmember Aleshire thinks utilizing the taxpayer's money to remove the dilapidated buildings will be more impactful to the citizens than contributing toward the artwork.

Mr. Hanlin reviewed the list of events that are being held at the library in the next few days. The library is engaged in bringing people downtown through many events.

The funding request will be considered during the FY16 budget discussions.

Catalytic Project #8: State Funded Acquisition of Real Property – 278 South Prospect Street

Jonathan Kerns, Community Development Manager, discussed the possible acquisition of 278 South Prospect Street for the City's Homeownership program. The acquisition of 278 South Prospect Street is consistent with the Community's City Center Plan Catalytic Project #8, the City's Housing and Neighborhoods Vision, and the 2015 Goals and Priorities established by the Mayor and Council. The projected project would be funded with State Community Legacy Grant funds.

Carrying out a Homeownership project at 278 South Prospect Street will help contribute to the sustainability and stability of the South Prospect Street neighborhood. Coupled with the Homeownership project at 261 South Prospect Street, the proposed project at 278 South Prospect Street would demonstrate visible action called for in the Community's City Center Plan, eliminate blight, and contribute to positive change in the neighborhood.

According to State records, the single family structure located at 278 South Prospect Street was constructed in 1917 and the assessed value is currently listed at \$ 243,300. The property is a foreclosure and currently owned by the State of Maryland Department of Housing and Community Development. The structure has been vacant for an extended period of time and continues to be a blighting influence on the South Prospect Street Neighborhood. The property is in the targeted homeownership area delineated in Catalytic Project #8.

The State of Maryland has agreed to a selling price of \$ 72,000 for the property. The City has been awarded a \$ 100,000 State Community Legacy grant for a homeownership projects and this funding can be utilized for acquisition of 278 South Prospect Street. After acquisition, the remaining funds will be utilized for strategic renovations to prepare the property for resale. The property will be sold to a homebuyer to be used as their principal residence and no income restrictions will be required. Although the available funding would not cover the cost of complete renovation, the initial renovations would make the project viable to a homeowner without income restrictions.

It was the general consensus to include approval of the acquisition and use of Community Legacy funds on the April 28, 2015 agenda.

Shenandoah Mobile, LLC – Lease Agreement for Base Station and Antennae Equipment

Michael Spiker, Director of Utilities, stated Shenandoah Mobile, LLC (Shentel) has proposed placement of a base station and antennae equipment on property at One Clean Water Circle. Shentel currently has two lease agreement sites with the City of Hagerstown. The proposed location is zoned IR, no special exception is required, the tower is limited to 199 feet (no tower lights are required for facilities of this nature that are under 200' in height), and the property setback is 125% of the proposed height to the nearest boundary.

The site is unimproved and will require improvements at the expense of Shentel to Kenly Drive and to the unimproved roadway on the site. Additionally, there is no electric service on the property and will require an extension of the HLD facilities that currently end at the former Unilever Plant.

The Shentel lease administrator mirrored the proposed lease agreement with those already in place with the City. They have proposed an \$ 800 ground rent per month, a 3% annual escalator, and a 15% revenue share fee, subject to the future approval.

It was the general consensus to move forward with reviewing the submitted lease agreement and schedule approval for a future Regular Session.

A short recess was then taken.

The meeting reconvened at 5:41 p.m.

FY 2015/2016 Budget Review – General Fund

Michelle Hepburn, Director of Finance, Christine Sneeringer, Budget Officer, and Bruce Zimmerman, City Administrator, were present to review the FY16 Proposed Budget with the Mayor and City Council.

The proposed budget reflects the wage adjustments authorized by the Mayor and Council through their approval of the union collective bargaining contracts and the FY15 Budget.

Assumptions for the employer share of insurance and pension costs increased by 7% in the proposed budget. The employer contributions for the State of Maryland retirement fund is expected to decrease.

Ms. Hepburn indicated there were nine positions added since the approval of the FY15 budget. Councilmember Aleshire pointed out a number of the positions are funded with grant funding. He stated he understands the concerns from the Public Works Department employees.

Councilmember Aleshire noted a position is proposed for Public Works. He expects that would help keep up with the operations. Ms. Hepburn stated the proposed position is not strictly for Public Works. This position will include duties with property management and parking. She noted another position is proposed for Parks and Recreation. This new position would be created from a part time position. Duties for this position would include handling additional reservations at all parks.

Mr. Zimmerman stated Eric Deike, Director of Public Works, requested this position during the budget review two years ago. Public Works has the highest percentage of unfunded positions. This position would be similar to the operations managers in the Utilities divisions. Public Works does not have the capability to add revenue sources to cover the cost of the position.

The total property tax revenue included in the FY16 budget is \$ 28.3 million. The assessable base for FY15 is higher than it was estimated to be. Continued growth in the assessable base was assumed for FY17. In Fiscal Year 2015/2016, the property tax rate is proposed to increase by \$0.05 from the current FY2014/15 level of \$0.898 per \$ 100 of assess value to \$ 0.948 per \$ 100 of assessed value. The proposed increase in the tax rate will help financially strengthen the City to maintain current service levels provided to taxpayers; offset struggling assessed market values until the new triennial assessment

period in FY 2017/18; offset increasing salary and benefit costs per collective bargaining contracts; and preserve unassigned fund balance reserve for FY 2016

Councilmember Aleshire wondered what that tax increase would mean for property owners. Ms. Hepburn stated someone with an assessment of \$ 100,000 would see a \$ 50 increase in their tax bill. He asked for copies of the Constant Yield Tax Rate calculations from the State of Maryland for the last several years.

The general fund budget is \$ 42 million, with \$ 28.3 million being from property taxes. The next largest source of revenue for the City is State and County Shared Revenue. Room tax generates an estimated \$ 177,000. Safe Routes to Schools revenue is expected to remain flat, at \$ 1.7 million. The Invest Hagerstown programs have been well received. An additional \$ 613,000 is anticipated to be allocated to these programs.

The largest expense in the General Fund, \$28.5 million, is wages and benefits. The salary increase for the completed contracts is 3.4%. Worker's Compensation costs for the General Fund is \$1.1 million. For FY16, when the City moves to the self-insured Worker's Compensation model, total costs are anticipated to be \$ 758,000. These savings will help offset the additional position in Human Resources.

Councilmember Aleshire pointed out revenue projections are at 2.4% and wage/benefit increases are at 3.4%.

Councilmember Brubaker stated there are things that can be done, such as reorganizing the organization or changing the contributions for health care, to keep costs from rising.

Ms. Hepburn pointed out an increase is included for the Brekford contract to manage and oversee the Safe Routes to Schools program. The increase is to cover CIP expenses.

Annual debt service expenditures represent 5.2% of all general fund expenditures in the FY2015/16 budget, or \$ 2.2 million. As reflected on the debt service schedule in Section 7, Page 12 of the budget book, annual debt service requirements are expected to increase annually from FY2016/17 through FY2019/20 respectively by 13.75%, 17.0%, 14.6%, and 15.5%. These increases are a result of investments in the City's infrastructure. Major project components of the planned debt issue are \$ 100,000 for a stadium project, anticipated Antietam Park, and the A & E Trail.

Councilmember Aleshire inquired when a conversation will be held about whether or not the Mayor and Council want to pursue a stadium and if more money is spent at the MELP property.

Councilmember Brubaker pointed out the impact of increased debt service becomes more pronounced for the projections in FY18.

Councilmember Metzner stated he does not think there is a lot of support for the proposed 5 cent tax rate increase. He asked when the budget discussion becomes less of an overview and more decision making.

Mr. Zimmerman stated this discussion was intended to be an overview of the proposed budget and to highlight how the projects included in the budget fit into the goals and priorities established by the Mayor and Council. Specific funds will be reviewed beginning with next week's Work Session.

The CIP of \$ 1.5 million for Downtown Redevelopment indicates that revitalization of the City Center is a top priority of the Mayor and Council. The focus of this CIP is to assist in the overall revitalization efforts creating economic redevelopment. The projected project will concentrate on improvements to increase downtown foot traffic, add amenities, support the Arts & Entertainment District, remove blight, encourage private sector development, or related activities.

A CIP of \$ 25,000 for Public Art is included in the budget. An annual public art project is proposed. Partnering with the local art community (Washington County Arts Council, Washington County Museum of Fine Arts, Barbara Ingram School for the Arts, Valley Art Association, and others) is anticipated. Sites within City Park and Downtown for the placement of contemporary sculptures will be identified.

Ms. Hepburn pointed out there is nothing identified for the Maryland Theatre, the Academic Hub, or for the Massey Project in the proposed budget.

This budget includes a 5 cent tax increase. Even with the proposed increase, it creates a deficit of \$ 1.2 million in the projections for FY17. Ms. Hepburn stated if there is not a significant increase in the assessable base and if expenditures continue at the same levels, there may need to be adjustments in the FY17 budget.

Mr. Zimmerman stated staff wrestled with how to balance this budget and keep a tax increase at a minimum. The proposed 5 cent tax rate increase is an attempt to strengthen the City's budget and improve operations. The increase helps to stabilize the budget and makes the City more sustainable. There is a structural imbalance in the budget.

Councilmember Munson stated no one wants to increase taxes. He asked if there are other ways to strengthen the budget.

Mr. Zimmerman agreed that no one wants to raise taxes. An option to add revenue to the budget, on a one-time basis, is to spend down the reserves. A policy question for the Mayor and Council is whether or not they want to go below the GFOA recommendations for a reserve balance. There is no funding specified for removal of the buildings on the Massey Property. Discussions about that project increased after the proposed budget was developed.

Councilmember Munson stated if the reserves are used for some of the projects, at some point taxes may have to be increased to replace the reserves.

Mr. Zimmerman stated capital expenditures have not been inflated. A tax increase could possibly be avoided if capital expenditures are reduced.

Ms. Hepburn stated capital expenditures have been deferred repeatedly and at some point, all the deferrals catch up. Both Mr. Zimmerman and Ms. Hepburn indicated reducing the expenditures will not strengthen the budget in future years.

Councilmember Brubaker handed out a list of possible budget adjustments. His goal is to have no tax increase included in FY 16 or FY 17. His list includes: deleting the new Public Works Supervisor, increase the position lapse savings, reduce the General Fund CIP, reduce Economic Redevelopment contribution, reduce police overtime, reduce fire overtime, bring fund balance to Fiscal Policy level over two years, and maintain the Police and Fire Retirement Contribution at the FY15 actual level.

Councilmember Metzner is interested in knowing how much police overtime is for required court appearances. Mr. Zimmerman stated overtime in the General Fund has been approximately \$ 1.4 million. As positions are filled, the overtime costs remain fairly flat.

Mr. Zimmerman suggested reviewing Councilmember Brubaker's adjustments and have staff discussions of the items and offer additional information.

Mayor Gysberts thanked Councilmember Brubaker for his review of the budget.

Councilmember Metzner stated members of the Council depend on Councilmember Brubaker and Councilmember Aleshire to review the budget and he thanked them both.

Councilmember Metzner commended Mr. Zimmerman for his diligence over the last 20 years to increase the reserve. He would like to have a higher assessable base so that taxes can be reduced.

A Budget Work Session is scheduled for April 28, 2015 at 5:00 p.m.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner stated budget discussions are challenging because the options to balance the budget are limited. He does not like telling citizens their taxes might be increased or telling staff there may be reductions.

Councilmember M. E. Brubaker will be attending the MML Legislative Committee meeting on April 22, 2015.

Councilmember D. F. Munson congratulated Rob Hovermale (principal at Barbara Ingram School for the Arts) for participating in the Boston Marathon. He mentioned the building demolition on W. Antietam Street is almost complete. He was contacted by a citizen who is concerned that a roadway at Fairgrounds Park was removed from near the stables, causing problems for the people participating in the yard sales. Mr. Zimmerman will check on this with staff.

Councilmember Munson stated there was a small implication that the land acquisition for the A & E Trail would not happen. At this point, there is no reason to believe this is the case. There is support for the trail by many people.

Councilmember P. M. Nigh cautioned people to be aware that thefts from front porches have been occurring.

Mayor D. S. Gysberts attended the Celebration of Business last week. It is good to see businesses from Hagerstown recognized for their efforts. He talked with a group of students from Wesel, Germany last week. The Hagerstown Suns' home opening night was April 16, 2015, and the Hub City 100 Miler challenge has been completed. The Main Street kick off is being held on April 22, 2015 at the Washington County Free Library. Residents are encouraged to participate in the event.

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 7:20 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: May 26, 2015