

WORK SESSION AND EXECUTIVE SESSION – June 2, 2015

EXECUTIVE SESSION – June 2, 2015

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in closed session to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State, #4 (Section 10-508(a)), on Tuesday, June 2, 2015, at 3:19 p.m. in Room 407, 4th Floor, City Hall, Hagerstown, Maryland. Councilmember K. B. Aleshire was not present for the vote.

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, Director of Finance, Michael Spiker, Director of Utilities, Scott Nicewarner, Director of IT and Support Services, Jill Frick, Economic Development Manager, and Donna K. Spickler, City Clerk. The meeting was held to discuss a business proposal for a significant investment in Hagerstown. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the executive session was adjourned at 3:35 p.m.

Work Session – June 2, 2015

Mayor D. S. Gysberts called this Work Session and Executive Session of the Mayor and Council to order at 4:00 p.m., Tuesday, June 2, 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.

Legislative Session Recap

Senator Andrew Serafini and Delegate Brett Wilson were present to provide a recap of the 2015 Legislative Session. Senator Serafini stated they requested this meeting with the Mayor and City Council.

Delegate Wilson stated some important legislation was passed. He noted that some items that are important to Hagerstown were not passed.

The Community Revitalization Incentive Zone (CRIZ) economic development bill would help municipalities like Hagerstown. This bill provides a better designation for funding. The festival license bill was successfully passed. The public benefit is the bill will help to decrease the risk of people consuming too much alcohol by not having to finish a drink before they go to the next restaurant.

Delegate Wilson mentioned the Delegation is planning to have bills pre-drafted for presentation during the next session.

Senator Serafini mentioned that the meeting last year with Delegate Maggie McIntosh was interesting. He thinks she is favorably looking at Hagerstown. She is a good advocate for Hagerstown. Some of the local delegates have been discussing the feasibility of allowing local governments decide tax rates. The Delegation is ready to assist the City with issues as they come up. There is tension within the State because of the forced disbursement of education between counties and Boards of Education. He thinks the academic hub could be powerful. There is support at the State level for the academic hub. Funding was secured for the Doleman Black Heritage Museum. The Bond Bill for the Maryland Theatre was successful. The Senator knows there was a conversation with the Mayor and Council about funding for a lobbyist. The festival bill would not have made it through the process without a lobbyist. He urged the Mayor and Council to let the Delegation members know what the needs are for Hagerstown.

Mayor Gysberts asked for additional details about the Doleman Museum bill. Delegate Wilson stated the bill had been filed during the previous two sessions. There may be some seed money to get something started with that project.

Mayor Gysberts thinks Hagerstown could be a model for a CRIZ program. In a CRIZ, State tax revenue is funded back to the new project. This would help keep jobs in Maryland. He knows Senator Rosapepe is supportive of this idea as well.

Mayor Gysberts asked if any assistance is available from the Delegation in regards to the issue that people are directed to Hagerstown from all over the state because there are many social services available in Hagerstown. Delegate Wilson has asked the Wells House for a list of home locations for the people they are assisting. He is not sure if riders can be attached to these service providers. The Delegation has discussed drafting a rule that keeps people from being sent to different locations across the State to receive services.

Senator Serafini stated the Delegation represents Washington County and Hagerstown is at the center of the County. He would prefer that local people receive assistance before someone from outside the area.

Mayor Gysberts stated there needs to be a better balance in the demographics. The City is trying to increase homeownership and keeping people here.

Delegate Wilson stated the rental to ownership ratio in Hagerstown is not positive. Another problem is prisoners who are released and don't return to their hometown.

Mayor Gysberts hopes the concept of the Academic Hub catches on. He thinks the extra foot traffic will be beneficial for Hagerstown. He is not giving up on baseball in

Hagerstown. The key for keeping a team in Hagerstown is having a team that wants to be in Hagerstown.

Councilmember Brubaker thanked the State for maintaining highway user revenue. The additional revenue is helpful. It is not helpful that there is not a set formula that takes into consideration the levels of service provided. There needs to be a formula driven distribution.

Senator Serafini and Delegate Wilson want to meet with the Mayor and City Council in advance of the next session to develop a package of possible legislative actions. Senator Serafini mentioned the need to be on the Transportation Agenda to address issues with Interstate 81 and Northern Avenue.

Councilmember Aleshire is very concerned about the level of subsidized housing and shelters in Hagerstown. There are more than 50 types of sheltered housing in Hagerstown. This number does not include transition facilities. He understands some residents have been in “transitional” housing at the Dagmar for 14 years. He has heard some agencies take the residents’ food stamps as payment for the housing. The Mayor and Council need to continue working to protect the quality of living conditions for citizens. Many of the operational capacities are authorized from the State legislative process and this is not beneficial for Hagerstown.

Senator Serafini agreed that a community facing these issues cannot sustain itself.

Councilmember Aleshire suggested representatives from the State agencies providing assistance for housing tour the residences. There are situations where the utilities are not being paid by the management. When the utility tries to collect for non-payment, the utility is made out to be the party doing the wrong thing.

Mayor Gysberts hopes the Dagmar is not the example of the best that can be provided in terms of transitional housing.

Delegate Wilson suggested discussing this issue in more detail throughout the year. He noted there may be a change in the process with the Hagerstown Housing Authority since there has been a change in the leadership.

Mayor Gysberts thanked Delegate Wilson for his efforts with criminal justice reform and his support of mediation.

Councilmember Brubaker noted the City has low rental rates and low real estate values. Services need to be provided to citizens, but the City should not be expected to provide services for those outside the community. He feels as though Hagerstown has become a dumping ground for social services.

Senator Serafini stated there are many groups offering services to those in need in Hagerstown. The City needs to have a say in how these services are provided. He is

open to having a conversation about how to make sure people are assisted, not just processed through the programs.

Mayor Gysberts informed the Senator that the Council passed a Resolution in 2014 requesting the opportunity to comment on activities of agencies providing these services.

These topics will continue to be discussed throughout the year.

Update on Community Development Block Grant Planning Documents

Jonathan Kerns, Community Development Manager, Sarah Nelson, Planning and Outreach Coordinator, Jonathan Russell and Walt Haglund, Urban Design Ventures, LLC, were present to provide an update on the Community Development Block Grant (CDBG) five-year Consolidated Plan, the FY2016 Annual Action Plan, and the Analysis of Impediments to Fair Housing Choice.

The City of Hagerstown is an entitlement recipient of Federal CDBG funds from the United States Department of Housing and Urban Development (HUD). HUD requires Entitlement Recipients to prepare a Consolidated Plan, a five year strategy, supported by annual action plans to develop a unified vision and approach to community development actions.

The Consolidated Plan consists of a five-year strategic plan and an annual action plan. The strategic plan contains three parts:

1. A housing, homeless, and community and economic development needs assessment
2. A housing market analysis
3. Long-term strategies to meet priority needs

In October of 2014, Urban Design Ventures, LLC was selected by the Mayor and City Council as the City's consultant to complete the planning and preparation of the City's five-year Consolidated Plan and FY2016 Annual Action Plan. The consultant was also tasked with developing the City's Analysis of Impediments to Fair Housing Choice as required by the Housing and Community Development Act of 1974. This act requires that any community receiving CDBG funds affirmatively further fair housing.

The consultant has completed drafts of each required CDBG planning documents referenced above. The five-year Consolidated Plan draft goals and proprieties and the draft impediments to fair housing choice were presented to the Mayor and City Council with the meeting packet.

A public hearing on the five-year Consolidated Plan, the FY2016 Annual Action Plan, and the Analysis of Impediments to Fair Housing Choice was held on Monday, June 1, 2015. This will take place in the community room at the Washington County Free Library on South Potomac Street.

The final version of each required CDBG planning document will be scheduled for Mayor and City Council approval during the June 23, 2015 Regular Session. After Mayor and City Council approval, all CDBG planning documents will be submitted to HUD.

A draft of each CDBG planning document is available for citizen review on the City's website. The documents were also available to review at the City Clerk's office, at the Department of Community and Economic Development, and at the Washington County Free Library.

Mr. Haglund stated HUD has changed the direction for the plans. The plan is based on information HUD has through survey data. The plan has specific recommendations, goals, objectives and priorities. HUD is looking at six areas that Hagerstown must address. For an agency to receive federal funds, they have to show the project fits into the City's plan, desensitize areas, and numerous things that decline downtown.

The six areas to address are:

1. Housing (stock that needs rehabilitation)
2. Homeless and continual care and housing support – have to meet the people and become more active
3. Special needs housing
4. Community development
5. Economic development
6. Administration, planning and management

Analysis of impediments includes looking at the opportunity people have of all housing choices. Forty-five percent of homeowners pay more than 30% of their income. The most significant issue is for the disabled. People don't know where they should go to file complaints (if needed).

A good start for downtown is to get small businesses back downtown. Mr. Haglund suggested the City continue the programs currently in place that help people with housing, i.e. down payment assistance.

Councilmember Aleshire wondered if the anti-poverty statement is canned language. Mr. Hagland stated HUD has a policy to not promote housing in concentration areas. HUD encourages diversity in the community. The City's current plan does not include enough detail.

Mayor Gysberts pointed out the Hagerstown Housing Authority (HHA) is not governed by the City. The HHA administers the Section 8 voucher in the City.

Mr. Hagland stated if the City can increase the revenue, the downtown will come alive again.

Mayor Gysberts believes the marketing should target young urban pioneers.

Mr. Kerns indicated next week's Work Session agenda includes additional time for review of these documents.

Mr. Zimmerman stated it is important to approve the documents on June 23, 2015 so they can be submitted to HUD on July 1, 2015.

Mr. Hagland mentioned that City departments are interested in doing something good for the community. Hagerstown is alive. It is good there are people who are interested and want to make things happen.

Grandstand Building in Fairgrounds Park

Rodney Tissue, City Engineer, was present to discuss the former grandstand building in Fairgrounds Park. Over the years, many uses for the grandstand have been developed. The Police Athletic League have a major presence with wrestling, an obstacle course, and weightlifting. The Parks and Recreation Division office is housed there. It is also home for the Parks Division shop and storage areas, along with storage for various park user groups. While there is a master plan of developing the former grandstand into a community center, the \$ 8,000,000 price tag appears to be out of reach at this time. Therefore, in the foreseeable future, staff would recommend that the City move forward with two much smaller projects at the grandstand to allow maximum use of that space.

The most pressing issue in the former grandstand is an electric upgrade. Late last winter, Mr. Tissue was contacted by City Light, who indicated that the amount of current being drawn by the uses in the grandstand is significantly overloading the 50-year old plus service. The overload is a significant problem during the heating season. To alleviate the overload, the proposed work includes providing a new three phase, 1200 amp main distribution panel, an underground service from Cannon Avenue to the grandstand, and placement of a transformer outside of the grandstand building.

The work was bid and the low bidder is Beacon Electric, in the amount of \$ 52,500. After the bids were received, staff reviewed this with the electric designer and staff believe that they can complete the trenching and conduit work from Cannon Avenue to the parking lot in-house and save funds. The low bid is adjusted to \$ 44,650, with the City completing the trenching.

On the upper level of the grandstand in the area that was formerly used for storage, staff have cleaned out a lot of the unusable items and would like to create an indoor recreation space for the recreation program. Staff envision various classes and exercise groups using this space; both City programs or renting it for others to use. The area would be approximately 32' x 65'. The design incorporates the steel frame of the grandstand and would be an attractive open space for recreational uses or uses by the

public. Staff would complete the work in-house with the exception of the HVAC and the electric work, which would be completed by a contractor.

Funding for both these projects is taken from the recently approved FY 16 budget, CIP #624. Staff have earmarked \$ 125,000 for improvements to the grandstand building with the following allocations:

1. Electric upgrade contact - \$ 44,650
2. Materials for City staff to install conduit from Cannon Avenue to grandstand parking lot - \$ 3,000
3. Funding for creating recreational space - \$ 77,350

Mayor Gysberts suggested adding a ropes course to the City's recreational offerings.

Councilmember Munson asked how people would reserve the grandstand space. Mr. Tissue stated staff would add the reservation to the program they are currently using. Councilmember Munson wondered if additional staff would be needed for the increased reservations.

It was the general consensus to include approval of the Beacon Electric contact and the materials for the in-house work on the June 23, 2015 agenda.

Update on Excessive Use of City Services Program

Chief Mark Holtzman and Office Gerard Kendle were present to provide an update on the Excessive Use of City Services Program. This April marked the one year anniversary for the changes to Chapter 95 of the City Code titled "Excessive Use of City Services." During this initial implementation, much work has taken place.

The program has been successful. Analysis shows that \$ 36,250 in fees would have been assessed in 2013 using the guidelines of this program. The fees assessed during the first year of the program were \$ 1,950. Approximately 600 letters have been mailed to landlords notifying them of the excessive calls at their properties. The landlords are now working with Officer Kendle to keep their properties off the annual Chronic Nuisance List. The Chronic Nuisance list consists of 27 properties.

When the program was first started, police were continually called to Cortland Manor Apartments. Since the beginning of the program, there has been a 30% decrease in the number of calls for service at Cortland. The management at Cortland has worked hard to improve their residences.

Officer Kendle has provided training to more than 40 people.

Councilmember Aleshire asked if some of the owners on the list have multiple properties. Officer Kendle stated there may be but only the property address that is the

chronic property is listed. Some of the properties on the list are run by the same property management company. He expects some of these properties to be off the list in the next few months.

Councilmember Aleshire has heard that people are noticing a change in the demeanor of new tenants. Officer Kendle stated this is because some property managers are not filling units because they haven't located people who meet their standards.

Chief Holtzman stated the crime free housing program is working as well.

Councilmember Brubaker asked to have the number of units included in the list of chronic properties. Officer Kendle will provide the information. Officer Kendle noted that most of the properties on the list have had three or four qualifying calls. There is one business on the list and three owner occupied properties on the list. The rest are rental properties.

Chief Holtzman pointed out fees begin after a property is placed on the list.

Councilmember Aleshire noted that the list and the law does not apply to temporary sheltering facilities. Officer Kendle stated if REACH calls with an issue they did not create, they aren't placed on the list.

Councilmember Aleshire clarified that a call is not qualified if the issue is with an individual.

Chief Holtzman stated they will survey the properties to determine if any are being used as halfway houses.

Officer Kendle stated his goal is to help solve the problems, not increase the length of the annual list.

Councilmember Aleshire asked if the Dagmar is subject to the excessive calls regulations. Officer Kendle indicated it is, and two letters have been sent to their management group.

Councilmember Munson hopes the results get better as time goes on. He would appreciate an update every six months. He noted these are dramatic results.

Dynamark Monitoring, Inc. Incentive Agreement

Jill Frick, Economic Development Manager, was present to review the Financial Incentive Agreement with Dynamark Monitoring. In July of 2011, the City of Hagerstown approved a resolution for a Financial Incentive Agreement with Dynamark Monitoring, Inc.

The agreement amount was \$ 25,000, loan to grant. The payment was made per the terms of the Agreement from the Economic Redevelopment Unreserved Fund.

The agreement obligation included a requirement for creating and retaining 35 new full time positions. The Summary Jobs Report indicates the required number of jobs were created by the deadline but only 29 have been retained. Dynamark's plans include hiring 9 positions in 2015; which will meet the job retention requirement.

Staff recommends providing Dynamark a one-year extension as has been requested. Staff recommend that the obligations of the Agreement be determined as met when Dynamark provides a 12/31/15 jobs report and a 12/31/16 jobs report both showing 35 or more jobs.

Washington County has approved a one year extension of the County's respective agreement with Dynamark. The State of Maryland is seeking County and City approved one year extensions, after which they will also provide a one year extension.

It was the general consensus to hold a special session on June 9, 2015 to approve the resolution and amendment.

City Center Retail and Restaurant Incentive Program

Andrew Sargent, Downtown Manager, and Jill Frick, Economic Development Manager, were present to discuss a proposed City Center Retail and Restaurant Incentive Program.

The success of the Pop-Up Shops has shown there is demand for retail in the City Center. Two of the barriers to more retail locating downtown are lack of business startup capital and building conditions. The buildings that have been renovated are mostly occupied. Some of these buildings have been renovated through the partners in Economic Progress Program, such as Bowman Development's project at 34 South Potomac Street. But the vacant building stock that remains is in need of rehabilitation. Staff believe that an incentive program aimed at the merchants would make some of the smaller but important repairs possible and provide necessary startup capital.

To fill this void, staff proposed the City Center Retail and Restaurant Incentive Program to help convince viable, sustainable merchants to locate in the City Center. This program will offer one-time grants to new retail stores and restaurants that are locating in City Center Hagerstown, paid according to how many square feet the business is leasing. This program would become a part of the marketing effort previously introduced as "Pop-Up to Permanent" and distributed to any retail store or restaurant interested in locating in City Center, including the participants of the Pop-Up Shops and Second Saturday events.

The requirements of this program include:

1. A formal business plan
2. That greater than half of all income comes from retail or restaurant sales
3. A minimum one-year lease in the Main Street Area showing that the business is paying market-rate rent for space that is able to be occupied
4. An explanation of how the grant will be used
5. Receipts showing that the grant was used according to the application
6. Applicants must be new businesses moving into the Main Street area
7. Applicants may not include bail bond businesses, store front churches, hookah shops, tattoo businesses, adult bookstores or other adult businesses, gambling businesses or the like

Funding for this program will come from the existing Economic Incentive line in the FY 2016 budget. Currently, there are sufficient funds to dedicate up to \$ 12,000 through June of 2016 to this program.

Staff believe that assisting viable businesses to locate in the City Center will build upon the success of the Pop-Up Shops and other events and make a permanent location for these and other new merchants more likely to happen.

Ms. Frick noted that two participants in the pop-up shops events, Kendall Taylor Home and Jess and James' House of Goods, have located downtown. After July 1, 2015, each business will receive a portion of the incentive.

Councilmember Munson suggested increasing the required time to 18 months and making the minimum area 625 square feet.

Councilmember Aleshire is ok with a one year lease. He suggested attaching the money to the building and not to the business. For example, the money would be used to upgrade plumbing or an HVAC system. He is not sure a \$ 1,000 incentive is adequate. He wants to provide the opportunity for businesses to join with others and create a venture in the same location.

Mayor Gysberts is in favor of providing staff with the minimum amount of flexibility.

Councilmember Brubaker wonders if the incentive is large enough.

The changes discussed will be incorporated into the guidelines and brought back to the Mayor and City Council for further review. A resolution approving the guidelines will tentatively be scheduled for approval on June 23, 2015.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator thanked staff and volunteers who worked very hard on the Blues Fest this weekend.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner also thanked everyone for their efforts with the Blues Fest.

Councilmember P. M. Nigh is concerned about bicyclists and skateboarders riding on sidewalks. She attended an event last week at Barbara Ingram School for the Arts and was nearly hit by a skateboarder and a bicyclist.

Mayor Gysberts stated this Council implemented the regulations that allow reasonable riding in the downtown area.

Councilmember Nigh doesn't think riding on sidewalks should be allowed when activities are being held downtown.

Councilmember M. E. Brubaker thanked everyone involved with the success of the Blues Fest.

Councilmember K. B. Aleshire stated because the Appalachian Regional Commission funding is focused on economic development in the community, the student housing project should be ranked above the day reporting center. Earlier discussion at this meeting was about the impact on the community with the number of people receiving services. It is not beneficial when incarceration is ranked above student housing.

Mayor D. S. Gysberts agreed with others who commented about the success of the Blues Fest. All the hard work makes events successful. He thanked all staff who helped. A citizen told him how much the neighborhood around the former Sheetz store on North Potomac Street has improved since the store closed has improved. The City is still working with representatives of Sheetz for re-use of the property. He attended the opening of the Ballroom at the Grand Building, and the Neighborhoods 1st Medal of Honor ceremony. The next wind down will be celebrating the 100th anniversary of the Maryland Theatre. The splash pad at Potterfield is being unveiled on Saturday. The Hagerstown Municipal Band's 101st season opens on June 8, 2015.

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 6:36 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: July 28, 2015