

EXECUTIVE SESSION AND WORK SESSION – November 17, 2015

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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, November 17, 2015 at 3:32 p.m. in Room 407, 4th floor, City Hall, Hagerstown, Maryland. The following people were in attendance: Mayor D. S. Gysberts, Councilmember K. B. Aleshire, Councilmember L. C. Metzner, Councilmember D. F. Munson, Councilmember P. M. Nigh, City Administrator Valerie Means, City Attorney Mark Boyer, Kathleen Maher, Director of Planning and Code Administration, Jill Frick, Director of Community and Economic Development, Rodney Tissue, City Engineer, Michael Spiker, Director of Utilities, Alex Rohrbaugh, Planner, and D. K. Spickler, City Clerk. The meeting was held to discuss a proposal for an annexation and a business proposal. 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 – November 17, 2015

Mayor D. S. Gysberts called this Work Session and Executive Session of the Mayor and Council to order at 4:07 p.m., Tuesday, November 17, 2015, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, L. C. Metzner, D. F. Munson, and P. M. Nigh; City Administrator Valerie Means, City Attorney Mark Boyer, and D. K. Spickler, City Clerk. Councilmember M. E. Brubaker was not present.

Preliminary Agenda Review

Consent Agenda

A. Community and Economic Development:

1. Western Maryland Blues Fest – 2016 Budget

Gaela Shoop, Community Event Coordinator, Julie Donat, Co-Chair Western Maryland Blues Fest, and Paula Keser, Chair of the Marketing Committee of the Western Maryland Blues Fest, were present to discuss the 2016 Blues Fest. The 2016 Blues Fest will be held June 2-5, 2016. As per the special events policy approved March 27, 2001, and revised January 8, 2002, the Western Maryland Blues Fest is submitting a tentative budget of revenue and expenses for the event so that the Mayor and City Council can approve the 2016 event by formal action and authorize any financial support or in-kind services to be supplied by the City. This is a working fluid budget for the committee pending venue selections and contract negotiations. Also, if the Committee finds they have additional revenue and believe additions to the program would enhance the event,

this budget can be amended. The \$ 52,000 for the City Services is included in the current fiscal year's Public Functions Account, but is not shown in the Blues Fest budget that was presented.

Ms. Donat conveyed Co-Chair Carl Disque's regrets that he was unable to attend this meeting due to another commitment. Ms. Donat stated there is a nice balance with scheduled performers. Popular entertainment has been booked over the last 21 years.

Rain Insurance for the event will be purchased again this year. Information regarding cost will be presented to the Mayor and City Council for approval closer to the event.

B. Fire Department:

1. Annual Uniform Purchase: BJ's Custom Creations (Hagerstown, MD)
\$ 34,200.00

C. Parks and Engineering:

1. Playground Equipment – 4 Deck Modular Play System – Miracle Recreation (Dallas, TX) \$ 20,024.00

There were no questions regarding the Consent Agenda and all items will be added to the Regular Session agenda.

Approval of a Resolution: Agreement with Washington County Child Advocacy Center

Acting Police Chief Paul Kifer stated the Child Advocacy Center (CAC) provides services to the children of Washington County who are victims of sexual or serious physical abuse. The Hagerstown Police Department assigns a detective to this facility to handle City cases. As part of the re-accreditation process for the Child Advocacy Center, they are required to update their various Memorandums of Understanding.

The revised MOU that pertains to the Hagerstown Police Department was presented for the Mayor and City Council's review. It is consistent with the current practices in this area. The MOU has been reviewed by City Attorney Mark Boyer, who is satisfied with the agreement.

**Approval of Bulk Road Salt Purchase – Mid-Atlantic Salt, LLC (Narbeth, PA)
Budget \$ 123,000**

Eric Deike, Director of Public Works, stated the Washington County Government bid the purchase of the bulk road salt for themselves and the City of Hagerstown. In past years, the State of Maryland bid the road salt and the City utilized their vendors. The FY15 price for salt was \$ 83.91 per ton utilizing the State of Maryland vendors. This year's price is \$ 9.31 less per ton. Chemical costs for FY15 was \$ 207,533 using an

estimated 2,688 tons and was \$ 241,246 in FY 14 using an estimated 3,838 tons.
Chemical costs also include bagged salt for sidewalks.

**Approval of Bulk Diesel Fuel Purchase – Cato, Inc. (Salisbury, MD) \$ 186,581.00
(\$1.5424 per gallon)**

Eric Deike, Director of Public Works, reported the Washington County Government competitively bids out the diesel fuel for themselves, the Board of Education and the City of Hagerstown to obtain a better bulk rate. The price is based on a bidder's Plus/Minus Factor added to the current OPIS (Oil Price Information Service) price given on a particular date. The actual price for fuel will vary over the length of the contract from the bid price depending upon the current OPIS rate. The bidder's Plus Factor price of \$0.0100/gallon is good from December 1, 2015 through November 30, 2016. Total value of the contract is based on an estimated amount of 100,000 gallons of diesel fuel to be used in one calendar year.

**Approval of Bulk Gasoline Purchase – Mansfield Oil Co. (Gainesville, GA)
\$ 244,107.00 (\$ 1.4691 per gallon)**

Eric Deike, Director of Public Works, stated the Washington County Government competitively bids out the gasoline for themselves, the Board of Education and the City of Hagerstown to obtain a better bulk rate. The price is based on a bidder's Plus/Minus Factor added to the current OPIS (Oil Price Information Service) price given on a particular date. The actual price for fuel will vary from the bid price depending upon the current OPIS rate over the length of the contract. The bidder's Plus Factor price of \$-0.0009/gallon is good from December 1, 2015 to November 30, 2016. Total value of the contract is based on an estimated amount of 136,000 gallons of gasoline to be used in one calendar year.

**Approval of Utilities Bulk Chemical Purchase – Water Division \$ 583,196.00
(multiple vendors) and Wastewater Division \$ 660,335.00 (multiple vendors)**

Michael Spiker, Director of Utilities, stated chemicals for the Water and Wastewater Divisions are bid through Washington County. The award is based on the unit cost of each chemical and the actual expense will be based on the quantity of chemicals required to meet all mandated treatment requirements and may be more or less than the dollar amount stated. Bid totals are based on historical actual usage averages for each chemical.

**Approval of Purchase of Light Department Vehicle – Altec Industries, Inc.
(Plains, PA) \$ 225,673.00**

Michael Spiker, Director of Utilities, reported the Hagerstown Light Department requests approval to purchase the replacement for the Aerial Bucket Truck, Vehicle #12, which was purchased in January, 1999. The vehicle is utilized by electrical linemen in the operation and maintenance of the high voltage overhead/underground electrical

facility. The 1999 fifty-five foot reach Altec bucket truck mounted on a GMC chassis was purchased for \$ 112,022.00. The truck has been in service for over 15 years and the life span of the aerial unit has been exceeded is now obsolete.

The National Joint Power Alliance advertised, on a national level, for Public Utility Equipment with Related Accessories and Supplies in 2014 for a term of four years. Altec Industries, Inc. was successfully awarded this contract and is able to provide to the Hagerstown Light Department, using the City of Hagerstown membership, a 60' Working Height Material Handling Bucket Truck mounted on a 2017 Freightliner M2-106 Chassis in the amount of \$ 225,673.00

Approval of Payment to Blackwell 2, LLC for USMH Student Housing Project: Catalyst Project 3

Jonathan Kerns, Community Development Manager, reported in March of 2015, the Mayor and City Council approved an ordinance to enter into a Development and Rental Guarantee Agreement with Blackwell 2, LLC and USMH. The agreement was for the first model USMH Student Housing Project located at 100 N. Potomac Street. As stipulated by the agreement, the City of Hagerstown would provide \$ 100,000 for the project from State of Maryland Community Legacy Grant funds.

Mr. Kerns stated due to unforeseen complications with Community Legacy and Maryland Historical Trust requirements; an alternative funding source for the 100,000 was needed to meet the time sensitive Student Housing Project deadline. The \$ 100,000 Community Legacy grant was subsequently shifted to the project at 170 West Washington Street. Local funds that were originally budgeted for the project at 170 West Washington Street were then shifted to the USMH Student Housing Project.

The primary source of local funding shifted to the USMH Student Housing Project was from property management funds available from the sale of 11-16 Public Square. These funds were initially utilized for the rehabilitation project at 43-53 West Washington Street and the remaining balance of this funding is \$ 89,453. Economic Redevelopment funds are available to pay the \$ 10,547 difference for a total payment of \$ 100,000 as required by the Development Agreement.

This completed the preliminary agenda review. All items are scheduled for approval on November 24, 2015, unless otherwise noted.

Customized Energy Solutions/Alevo Energy Storage System Project

Michael Spiker, Director of Utilities, and Nathan Fridinger, Electric Operations Manager, were present to request approval of lease agreements for Fairground and Wesel substations with Customized Energy Solutions/Alevo Energy for a Storage System project.

HLD Staff, FERC Legal Counsel Tom Rudebusch, and the Alevo/Customized Energy Solutions team have completed the lease agreement negotiations that were last discussed with the Mayor and Council on August 18, 2015.

The HLD has a long standing relationship dating back to 2002 with Customized Energy Solutions (CES) through the Public Power Coalition (PPC), as the liaison with all PJM activities. CES documents and reviews all PJM related information that is crucial to HLD's decision making process related to generation/transmission issues. Alevo Group SA is based in Verbier, Switzerland and opened a new 4 million sq. ft. manufacturing plant in Concord, North Carolina in October, 2014. The company plans to invest \$ 1 billion into the manufacture of its battery technology and reduce waste that currently exists in electric grid delivery systems. Alevo classes itself an Energy Service Provider that uses a combination of innovative battery technology and smart data analytics to reduce a huge part of the 30% generated electricity that is currently wasted through inefficiencies in the grid delivery system.

The project will consist of utility scale Energy Storage Systems (ESS) installed at two sites within the City of Hagerstown. The projects at these two sites (Wesel Substation and Fairground Substation) will operate behind the meter as "demand response" resources participating in the PJM Regulation ancillary service market and provide PJM system grid reliability services, specifically voltage and frequency support. The projects have been sized to ensure that they remain behind Hagerstown's meters and do not inject into the Potomac Edison system. Alevo has invented a battery technology that is the core component of its GridBank System where each 2MW unit is an approximately 10 ft. x 40 ft. pre-fabricated structure. The current study utilizes 10MW of battery storage (two structures at Fairground Substation and three structures at Wesel Substation). An ESS operates by storing electricity that was generated on the system grid and discharging it when system requirements demand it. It is considered a sustainable/renewable resource due to the fact it does not create emissions when called upon to operate. Full screening of the Fairground site will be submitted for final approval by the City.

Lease agreements located at the Hagerstown Light Department's Wesel and Fairground Substations are to be used solely for the purpose of the installation of Energy Storage Systems. The initial term of the agreement is 10 years and contains provisions for 2 five year extensions if mutually agreed upon. Fairground Substation shall receive \$ 2,000 per month and Wesel Substation shall receive \$ 3,000 per month for the term of the agreement. The HLD shall provide existing and available utilities to the Project Site in connection with ALEVO's construction, start-up, maintenance, repair, replacement and operation of the Project, at exiting rates or actual cost, as appropriate.

The HLD will receive \$ 60,000 per year in lease agreements, revenue from the sale of electricity for ancillary requirements of the systems, and may supply other maintenance type services for the project during construction and operation. Alevo has verbally committed to the utilization of local contractors when applicable during the construction process.

Mayor Gysberts stated the ESS concept supports the efficiency of the whole grid and is moving toward green technology. He stated this will help increase high tech industry interest in Hagerstown.

Councilmember Munson likes the potential this project has to attract other technology projects to Hagerstown and create jobs.

Mr. Spiker noted the Council is business friendly and willing to work with companies interested in Hagerstown. The Council has tentatively agreed to delay business personal property taxes to assist this company.

Approval of the lease agreements will be included on the November 24, 2015 Regular Session agenda.

Mr. Boyer then left the meeting.

“Gigabit City” Discussion with Antietam Cable

Scott Nicewarner, Director of Technology and Support Services, and Brian Lynch, President of Antietam Cable and Vice President of Cable Operations for Schurz Communications, were present to discuss Antietam Cable’s implementation of fiber-to-the-premise in the City Center and immediate surrounding area.

Mr. Nicewarner stated a Broadband Needs Assessment was completed in 2013 for Washington County. One of the Executive Summary recommendations was that a gigabit component for the County was crucial for business growth in the community. He visited Danville, Virginia to review their success with broadband technology. Hagerstown has a high fiber network through the Washington County Board of Education. The State of Maryland undertook a fiber project that has not materialized. In January, 2015, the City sent out a Request for Information from fiber providers. Responses were positive. The City then joined Next Century Cities, which is a group of municipalities interested in bringing broadband to their cities. He intended to discuss a broadband proposal with the Mayor and City Council in November. In the meantime, Antietam Cable Television, Inc. announced they would be privately funding a \$ 2.977 million overbuild of Fiber to the Home/Fiber to the Business Network in Downtown Hagerstown. Their proposal is very similar to the requirements that were being included in a Request for Proposal (RFP) from broadband companies for service in downtown. The service will now be provided to the community, with no cost to the City because of Antietam Cable’s project. The City would be able to issue an RFP at a later date, if the Mayor and City Council choose to do so.

Mayor Gysberts stated other companies could make similar proposals. This is not exclusive.

Mr. Lynch reported the Antietam network will be an EPON (Ethernet Passive Optical Network) Overlay of the existing facilities and will offer initially 1Gb/1Gb synchronous Broadband service. This same network can scale to support up to 10Gb/10GB utilizing the same base facilities. This essentially “future proofs” the network against any possible need. Construction will cover a minimum of 3,200 residential and business addresses in the core downtown area and is planned to expand as results warrant. Construction will begin in the first quarter of 2016 and projects to conclude by late Summer 2016. Initial service activations are projected by the end of the second quarter in 2016.

This network design/capacity is equivalent to the Google project offerings occurring in targeted large markets in the United States. All Antietam services, except for the 1Gb Broadband service, will continue to be fulfilled by the incumbent/existing facilities. The topography of the build out area intentionally developed to include all current City planned economic development target areas.

Councilmember Aleshire asked what is the benefit for being the first company to provide 1Gb service. Mr. Lynch indicated they saw sufficient development and progress in the rehabilitation plan to warrant providing the service. Antietam Cable hopes the service increases economic development for the community, as well as for them.

Mayor Gysberts noted it appears Antietam Cable has confidence in the community because of what is occurring and the projects that are being completed. Mr. Lynch stated that is correct, and the academic hub possibility is part of that confidence.

Councilmember Aleshire asked what Antietam Cable needs from the City that would have been included in the RFP. Mr. Nicewarner indicated pole agreements would have been required for other companies, as well as the possibility of “up-front” money.

Mr. Lynch pointed out Antietam Cable is making this commitment to provide a significant foundation to the City/County to take a Broadband Leadership position to promote business and residential growth. This could be a significant tool competing for businesses against other regional jurisdictions. They are not seeking any subsidies from the City for Network Capital or proposed free service periods when part of larger packages of incentives including Public and/or Private. They are taking an active and participative position working with the City to promote this tool effectively for Economic Development generally. They would ask for supportive positions publicly generally as to the benefit of this significant investment from Antietam to promote the “Building of Tomorrow’s Hagerstown”. They would expect a spirit of cooperation in working with broader economic development efforts outside the City that could materially affect Hagerstown and overall Washington County economic development health.

Councilmember Munson encouraged Antietam Cable to provide the service throughout the City. He thanked Antietam Cable for stepping up with this project.

Mr. Lynch stated Antietam Cable views this as Phase 1 of an overall project. Antietam Cable would be willing to discuss the fiber service with anyone who is interested.

Councilmember Aleshire noted that when the private sector views the City as viable, additional investment will follow. He stated it is difficult to determine where the next project will be.

Mr. Nicewarner pointed out that technology changes quickly and this is a great opportunity for the business and residential customers. City staff will be working closely with Mr. Lynch and the Antietam team to expedite this project.

CITY ADMINISTRATOR'S COMMENTS

Valerie Means, City Administrator had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner had no additional comments.

Councilmember P. M. Nigh reported there is a Board of Education meeting today at 6:00 p.m. and students from the Barbara Ingram School for the Arts (BISFA) will be attending to urge the Board to support their school. The students are concerned about the future of BISFA and will be conveying that message. She hopes the Board of Education hears their message. The military banners are being taken down. She asked the people who ordered the banners to contact her so they can be given to them. She is trying to reach Mr. Thompson. If he is not able to coordinate the next round of banners, she will continue the program.

Councilmember K. B. Aleshire asked that a letter sent to the Mayor and City Council about missing items from a market vendor be reviewed. He knows the Suns will be requesting a lease extension and there are items the Nationals are requiring to be corrected. Mayor Gysberts noted all items are negotiable and the request will be reviewed prior to next month's Work Session discussion.

Councilmember Aleshire is concerned that individuals housed at the Dagmar by the Community Action Council will be relocated to 101/105 E. Washington Street. He believes it is a stretch to have this location termed as a multi-dwelling unit. He would not treat this expansion any differently than any other request or proposal. He does not think this use would function as a common household. He is concerned that other agencies will attempt to locate clients in similar locations. Mayor Gysberts stated representatives of the Community Action Council (CAC) will be attending the Work Session on December 1, 2015. This will be an opportunity to outline how to achieve the City's goals while addressing the needs of residents. A housing summit is also being planned. He noted CAC is using the relocation as a temporary solution.

Councilmember Nigh asked if the new location is equipped to handle the needs of handicap residents. The management of the property may become a problem. She stated people would be surprised to know have many places these organizations have in Hagerstown.

Councilmember D. F. Munson noted the dilapidated buildings at the Massey property have been torn down and the site is being cleared of debris. He thanked Allegheny Wrecking Company for their work. Federal regulations have changed and Housing Authorities are now able to increase the length of time between residence inspections. The Hagerstown Housing Authority has declined to implement these changes and will maintain their existing inspection schedule.

Mayor D. S. Gysberts thanked all veterans for their service. He thanked the volunteers who planned the Veteran's Day recognition events. He reminded everyone the Tree Lighting event in Public Square is being held on Friday, November 20, 2015. Hollyfest will be held after the tree lighting at the Maryland Theatre.

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 5:24 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: December 15, 2015