

62ND SPECIAL SESSION, WORK SESSION, AND EXECUTIVE SESSION –
March 10, 2015 AND STATE OF THE CITY PRESENTATION

EXECUTIVE SESSION – March 10, 2015

On a motion duly made by Councilmember D. F. Munson and seconded by Councilmember M. E. Brubaker, the Mayor and City Council unanimously agreed by voice vote to meet in closed session to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction, #1, (Section 10-508(a)), to consult with counsel to obtain legal advice, #7, (Section 10-508(a)), and 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)), at 3:06 p.m. on Tuesday, March 10, 2015 in Room 407, 4th Floor, City Hall, Hagerstown, Maryland.

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, John Lestitian, Director of Community and Economic Development, Jonathan Kerns, Community Development Manager, Sarah Nelson, Planning/Outreach Coordinator, Michelle Hepburn, Director of Finance, Karen Paulson, Director of Human Resources, Scott Nicewarner, Director of Information Technology and Support Services, Michael Spiker, Director of Utilities, City Attorney Mark Boyer, and Donna K. Spickler, City Clerk. The meeting was held to discuss membership of the Board of Zoning Appeals, Historic District Commission, and the Community Development Block Grant Public Service Review Committee, legal advice regarding the union lawsuit, pending litigation, and to consider the sale of public land to a private entity. No formal action was taken at the meeting. On a motion duly made, seconded and passed, the executive session was adjourned at 4:00 p.m.

62ND SPECIAL SESSION AND WORK SESSION – March 10, 2015

Mayor D. S. Gysberts called this 62nd Special Session, Work Session, and Executive Session to order at 4:19 p.m., Tuesday, March 10, 2015, in the Council Chamber at City Hall of the Mayor and City Council. 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.

62ND Special Session – March 10, 2015

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember D. F. Munson, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:19 p.m.

Approval of Contracts for Splash Pad Installation at Potterfield Pool

Action: On a motion duly by Councilmember L. C. Metzner and seconded by Councilmember D. F. Munson, the Mayor and City Council unanimously agreed by voice vote to approve the purchase of splash pad equipment and mechanical systems from Aquatic Recreation, in the amount of \$ 115,321, and to contract for the installation of the splash pad mechanical systems to DRD Pool Management in the amount of \$ 55,363.00. Funding sources for the projects are Program Open Space, Excise Tax and Bond Proceeds. The splash pad will replace the existing wading pool that is seldom used. The Mayor and City Council further authorized staff to complete all demolition and concrete installation.

Approval of a Memorandum of Understanding – Library Police Officer

Action: Councilmember L. C. Metzner made a motion to approve a Memorandum of Understanding (MOU) with the Washington County Free Library (Library). This MOU will provide a full-time sworn police officer to be assigned to the Library to promote a safe environment and to improve relationships between law enforcement officers and the users of the library. The officer will also serve to support other downtown public safety needs in the area of the library to further improve the police presence in the Arts and Entertainment district. The Library agrees to reimburse the City \$ 40,000 annually for the police officer services. The remaining salary costs for the position shall be added to the police budget. This position will increase the staffing levels of the police department from 107 to 108 sworn police officers. Councilmember D. F. Munson seconded the motion.

Councilmember M. E. Brubaker made a motion to table the approval of the MOU.

Discussion: Councilmember Metzner asked that discussion of this MOU be scheduled for a Work Session and during budget sessions. He may support this MOU after detailed discussions are held. He also asked for a full report on the School Resource Officer program, including the amount of funding the County provides to this program.

Councilmember Munson would like to know how many calls for service have been handled at the library. Councilmember Nigh asked how many police officers are part of the Downtown Squad.

The motion to table approval of the MOU was unanimously approved.

On a motion duly made, seconded and passed, the Special Session was adjourned at 4:26 p.m.

Massachusetts Institute of Technology (MIT) Community Outreach

Sarah Nelson, Planning and Outreach Coordinator, and Erin Wolfe, Communications Manager, were present to inform the Mayor and City Council of an opportunity to strengthen the on-going community engagement efforts.

The Massachusetts Institute of Technology (MIT) GovLab, a research group of political scientists focusing on innovation in citizen engagement and government responsiveness, recently contacted staff requesting to collaborate with the City of Hagerstown on a community outreach-based research project. MindMixer, which serves as the platform for the City's engageHagerstown website, referred the community to MIT based on the high level of engagement and activity that has been occurring on the City's site. GovLab and MindMixer will be working with the City to explore how online participation tools can affect the community input that governments receive.

The City will gather community insight on actionable neighborhood projects at City Hall-style meetings and online using the engageHagerstown website. GovLab will assist Hagerstown in running the meetings by providing tablet computers to a sample of residents at each meeting to register their feedback. After one month of resident feedback from online and in-person channels, GovLab will gather a focus group with involved City staff where staff will evaluate the feedback received from residents and discuss how it will be used to inform decisions.

The City will work with GovLab to incorporate current outreach efforts in determining the subject matter for the meetings. Staff hopes to schedule the meetings for early spring this year.

Mayor Gysberts stated this will be a good professional development exercise and it will be good to participate in the research.

Ms. Wolfe reported there would be minimal costs associated with participating in the research project.

Delinquent Utility Account Notification/Shutoff Process

Scott Nicewarner, Director of IT and Support Services, and Michael Spiker, Director of Utilities, were present to discuss the basic process for notifying customers of pending service interruption and the actual termination process for both electric and water services.

Electric Services: The service interruption process is detailed in the Code of Maryland – Volume 19, Title 20 – Public Service Commission (PSC). Accounts eligible

for termination are sent a notice after a 30 day period of non-payment, with a scheduled shutoff date 14 days from the date of notice. The PSC requires the opportunity for mutually agreed upon payment arrangements to be made with delinquent account holders, as well as stipulations on the qualification of those accounts that can have service interrupted, including for health issues, age, inclement weather, etc. The City does not, as a regular practice, provide 24 hour notice unless mandated by the PSC for special cases.

Water Services: The rendering and payment of bills for water services, as well as the grounds upon which service may be terminated, are within City Code, Section 238-15. These bills are rendered quarterly, except in the case of larger accounts which are billed monthly. Per code, all bills shall be due and payable when mailed and shall become delinquent 20 days after such date. There is a past due notice sent to all delinquent customers after the 30 day period is past. There is a termination notice sent at 35-40 days, notifying of pending termination if payment is not received promptly. Service interruptions commence shortly thereafter. The City provides a 24-hour notice to commercial customers before interrupting water service.

The extremely cold winter weather has dramatically increased the usage of electric which in turn increases the amount of money owed the Utilities. The residential moratorium for terminations expires on March 31. As is typical, a number of customers leave the system and the arrearages owed are then worked through the collection process. The uncollected money is then added to the final billed amount totals. Staff are, and must remain, aggressive in the collection process while the customer is still receiving service or this total will continue to grow. Aggressive collections on commercial/industrial accounts while the customer is still receiving service assists in keeping the amount of pre-petition bankruptcy losses at a minimum. Bankruptcy pre-petition losses are uncollectable and post-petition collection policies are sometimes set by a bankruptcy judge. Staff works very diligently to ensure that collection of monies owed and to minimize any losses through events outside staff's control.

Staff has been consistent with the application of these delinquency policies for many years, including those commercial accounts dealt with recently. Staff regularly work with residential and commercial accounts on payment arrangements. However, should the mutually agreed upon arrangement be broken, more aggressive action will be taken that may displace residents or close a business for a period of time. As stated above, staff does this to protect the City utilities business interests.

Mr. Nicewarner encouraged customers with outstanding utility bills to contact Customer Service to discuss payment arrangements. Staff works with customers to develop payment arrangements that are reasonable for the customer and for the City. A security deposit is now being charged for customers who have late fees on four of their bills in the last twelve months.

Mr. Spiker stated more than 3,000 customer accounts were terminated last year. Due to staff efforts, the dollar amount of the outstanding bills only increased by \$ 118,000. This amount is on the active customer accounts.

Mr. Zimmerman reminded the Mayor and Council that residents can be displaced because of the way the arrears amounts are handled. An example would be a building with multiple tenants with a single service covering the entire building. The Mayor and Council could change the practice if they wish.

Councilmember Aleshire understands the practice. This practice has to be followed consistently, whether it is a one unit or a 150 unit service. If the argument is made that every situation is unique, then the practice is not consistent.

Mr. Nicewarner stated the utilities are run as a business, and the policy is implemented consistently. The Mayor and Council were informed recently about a property that was facing termination because a number of residents were involved.

Councilmember Aleshire wants to be sure the process is consistent. It was disconcerting to him that a service group was considering filing an injunction against the City for doing what is expected for all customers.

Councilmember Metzner appreciated the communication from staff informing the Mayor and Council of the situation, since they would most likely receive calls for information. He agrees with the process used by staff for collecting outstanding utility bills.

Mr. Zimmerman stated it appears the Mayor and Council are comfortable with the process and staff will continue communications in the same manner.

Councilmember Metzner and Councilmember Brubaker stated email should not be the sole form of communication relaying information to the Mayor and Council in situations like this.

Councilmember Nigh stated customers know the bills have to be paid, whether it is a business or a residence.

Mayor Gysberts stated it is not up to City staff to notify tenants at the Dagmar that service is being terminated. That responsibility is up to the owners of the property. This issue will happen with the Dagmar again.

Catalyst Project #3 – Recommendation on Development/Partner for USMH Student Housing Project

Jill Frick, Development Manager, Kathleen Maher, Planning Director, and Mark Halsey, Director of USMH, were present to provide an update on the USMH Student Housing Project.

The goal of Catalyst Project #3 – USMH Expansion Support is to support the growth of USMH from 500 to 750 students, and to support the addition of facilities for new education programs including the possibility of culinary arts, tourism and hospitality. Over a 10 year period, it is envisioned that student housing opportunities will be captured downtown through 3 upper-floor renovation projects creating a total of 12 units to house 24 students. This first, model project is seeking to create 4 units to house 8 students.

The City intends to facilitate the development of an initial, model student housing project in partnership with USMH and a developer/private-sector partner. Staff conferred with Jim Hartling of Urban Partners on development of the Request for Statement of Interest (RFSI), the review process, the project concept and development guidelines are outlined below.

The following provides a summary of the proposed, initial student housing project opportunity:

Summary

1. Partnership between the City of Hagerstown, USMH, and a developer/partner.
2. First, model student housing project using one property initially.
3. USMH will market the units to students and provide names of students interested in renting to the developer/partner.
4. City will provide an incentive package for the project using:
 - a. First Third Grant Program - \$250,000 reserved by Mayor and City Council, and requires a ground level commercial use.
 - b. Community Legacy Grant – City awarded \$ 100,000 for this project.
 - c. Partners in Economic Progress Program – real estate grant-back applicable to Year 1 through 5.
 - d. Additional incentives through PEP Program – waiver of fees, fast tracking, two free EDUs, parking incentive for first 5 years.
5. City will provide a Rent Guarantee Agreement with USMH for four units for 5 years.
6. Maximum financial exposure to the City based on \$ 850 rent and 0% occupancy is \$ 20,400 per year.
7. After the expiration of the Rent Guarantee Agreement, the student housing arrangement with USMH may be extended without the guarantee, provided USMH and developer/private-sector partner remain satisfied.

Project Development Guidelines

1. The initial project must be a property located within the designated, two-block area around USMH as displayed in the Map of USMH Student Housing Project Area.
2. Project must provide a minimum of four units which are two bedroom and two baths, and a target size of 1,000 sf. If more than 4 are developed, USMH and City Rent Guarantee will apply to only 4 units.
3. Units will be renovated to the City's Partners in Economic Progress (PEP) Program Standards.
4. Project must include exterior door locks, dusk-to-dawn lighting and security cameras for each exterior door; secured vestibule/mailbox area; intercom and door release system for each unit.
5. Designated off-street parking for each unit is desired.
6. Preferred rents to range from \$ 780 to \$ 850 per month per unit.

The following summarizes the submittal process and responses received:

1. In response to the Request for Statements of Interest – 7 submissions were received, representing 6 properties.
2. Criteria for review of Statements of Interest includes experience in residential development, renovation/adaptive re-use, and residential property management; quality of proposed development plan; ability to deliver the product in a timely manner; and financial capability to complete development of this type and scale.
3. The City of Hagerstown invited all 7 submitters to provide full proposals – 3 proposals were received as follows:
 - a. Blackwell, LLC – 100 N. Potomac Street
 - b. WLR Investment Group – 43-45 S. Potomac Street
 - c. Change Properties, LLC – 5/7/9 N. Potomac Street
4. Points of differentiation between the proposals include:
 - a. Ability to meet the desired quantity of student apartments (4 apartments, accommodating 8 students).
 - b. Proposed configuration of the apartments against target of 2 bedroom, 2 bathroom.
 - c. Community impact.
 - d. Demonstrated experience in residential development.

Proposals received were reviewed by a staff/partner team, the PEP Program applications were reviewed by a Staff Review Committee, and the First Third Grant applications will be reviewed by the Staff Review Committee and representatives of the Hagerstown Loan Review Authority, the Historic District Commission and the Planning Commission.

Staff and the University System of Maryland recommend accepting the proposal submitted by Blackwell LLC, Howard and Taylor Bowen for the property located at 100 N. Potomac Street.

The proposal is recommended for a number of factors including the ability of the developer to meet the goal delivery date of August 15, 2015; the ability of the developer to provide four, two bedrooms, two bathroom apartments; the impact that the project will have on the downtown in renovating a vacant structure to Partners in Economic Progress (PEP) standards and repurposing to a higher and better use.

A number of business points in the recommended proposal will be finalized in the formalization of a Development/Rental Guarantee Agreement. Staff and USMH recommend that the Mayor and Council authorize staff to proceed to a second, recommended candidate if negotiations are not successful with the first.

Mr. Halsey thanked the City for considering this unique partnership. This project is the first step to increasing student enrollment and increasing the number of people living downtown. USMH revised their mission statement to include contributing to the revitalization of downtown and this project fits that mission. Students have consistently inquired about housing for the last several years.

Councilmember Munson likes the proposal. He would prefer the rent be \$ 850 per month, rather than \$ 950 per month.

Ms. Frick stated the target rent was \$ 850. However, the best proposal included rent of \$ 950. This does create greater exposure for the City and USMH; but the groups have to be prepared to accept that exposure.

Ms. Munson agreed and noted the proposal is fairly competitive. If the guaranteed parking for the students is in the University Deck, he asked that spaces be limited to a specific floor, such as the fourth floor. This project will create true economic development in downtown.

Councilmember Aleshire wondered if there would be flexibility with the incentive program guidelines to allow the owner to keep the rents lower. He stated he would not consider 100 N. Potomac Street as a vacant structure. This project will replace 19 units of vacant residential space.

Ms. Maher stated the owner of the property and Code staff have discussed the project and determined it could be completed in phases.

Councilmember Munson noted this project is an opportunity to demonstrate there is a market in Hagerstown for student housing.

It was the general consensus of the Mayor and City Council to accept the proposal submitted by Blackwell LLC at 100 N. Potomac Street and to schedule authorization of the rent agreement for the March 17, 2015 meeting.

House Bill 916 – Economic Development – Community Revitalization and Improvement Zones (CRIZ)

John Lestitian, Director of Department of Community and Economic Development, and Jill Frick, Economic Development Manager, were present to provide information about House Bill (HB) 916.

HB 916, entitled Economic Development – Community Revitalization and Improvement Zones (CRIZ) is sponsored by Delegate Brett Wilson. The synopsis is as follows:

Authorizing a county to establish, by local law, a specified contracting authority for the purpose of designating a community revitalization and improvement zone for construction of specified facilities; establishing an application process within the Department of Business and Economic Development for designating a zone; authorizing a county to issue specified bonds for the benefit of specified zones; requiring the transfer, from the General Fund, of specified increased tax revenue; etc.

Mayor Gysberts stated Allentown, Pennsylvania, has similar legislation. Staff visited Allentown recently to discuss the success of the legislation. In summary, the legislation allows a zone to be established within the City and projects are paid for through State funding within the specified geographic area. The benefit is new development projects, with the State collecting the revenue after a certain number of years.

Mayor Gysberts supports the idea and this would be a way to attract new development to the City. However, he does not believe the County is the best option for being the conduit for the State funding distribution.

Councilmember Aleshire does not feel strongly about the bill. He does not think this bill will pass the House. He thinks the program discussed by Delegate Maggie McIntosh last year could be successful.

Councilmember Brubaker has the same concerns already expressed. He would prefer legislation that focused on municipalities only. Another bill that may alleviate those concerns is one that amends the Maryland Economic Development Tax Credits for depressed areas to include municipalities. The designated area would be larger if the language would be changed to political subdivision.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner and *Councilmember Nigh* attended the Firefighters Retirement Banquet and Engine 1's 200th Anniversary banquet recently. The annual meeting with the library board was held earlier today. It is clear the County Commissioners are willing to donate the properties on Baltimore Street (former Massey Property) to the City. The Commissioners are not in favor of splitting the cost of demolition of two of the buildings with the City. If Greg Murray, County Administrator, is informed there is a formal ok from the Council, the demolition can happen rather quickly. He congratulated Mayor Gysberts for his State of the City presentation earlier today.

Councilmember P. M. Nigh asked that something be done about the Massey property. She wondered how a family can be allowed to live in a home without water or sewer service. She expressed her concern about the trash that is out on the streets.

Councilmember D. F. Munson noted the Mayor made a good presentation at the State of the City this morning. He agrees that the Massey property needs to be taken care of as soon as possible.

Councilmember K. B. Aleshire noted the limited road salt availability is not limited to Hagerstown. Many communities are experiencing the same limits. During the last snow storm, many people did not remove the snow from their sidewalks. He would like to discuss his idea about having a contract with someone to clear a specific area in the City's core. He noted that larger trash bins may allow the contractor to pick up trash once per week rather than twice. He thought today's State of the City was the best one so far. He congratulated businesses that received awards at the Chamber of Commerce's annual award dinner last week. He stated it was disconcerting that the City was painted as a villain for carrying out its duty to customers. He is referring to the Dagmar property potential utility termination. The City should not be expected to pick up the shortfall every time.

Councilmember M. E. Brubaker is not opposed to removing the buildings from the Massey Property, if that is the consensus of the Council. If the City accepts the property, it should free and clear, with no restrictions.

Councilmember Metzner stated he is interested in removing the blighted homes on the Massey property and putting a community park there. The former showroom is clearly a liability. This should be discussed at the Mayor and Council's Work Session next week.

Mayor D. S. Gysberts stated the least the County can do is contribute to the demolition. He has not been successful with getting the Commissioners to agree to a meeting with the Mayor and City Council.

Councilmember Brubaker apologized to the Maryland Theatre board for not being recognized for their anniversary in the State of the City.

Mr. Zimmerman noted that the State of the City focused on 2014. The Maryland Theatre will celebrate its anniversary in 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 5:58 p.m.

Respectfully submitted,

Donna K. Spickler
City Clerk

Approved: April 28, 2015

State of the City Presentation – Evening Presentation

Mayor Gysberts and Councilmembers presented the State of the City address in the Council Chamber at City Hall at 7:00 p.m.