

34<sup>TH</sup> SPECIAL SESSION, WORK SESSION AND EXECUTIVE SESSION – March 6, 2018

The State of the City was held on March 6, 2018 at Hager Hall Conference and Event Center, 901 Dual Highway, Hagerstown, Maryland. All members of the Mayor and City Council attended the event, which was held at 7:30 a.m.

EXECUTIVE SESSION – March 6, 2018

On a motion duly made by Councilmember E. Keller and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in closed session to consult with counsel to obtain legal advice, #7, (Section 3-305(b)), on Tuesday, March 6, 2018 at 3:04 p.m. in Room 407, 4<sup>th</sup> floor, City Hall, Hagerstown, Maryland. Councilmember Aleshire arrived after the vote was taken.

The following people were in attendance: Mayor R. E. Bruchey, II, Councilmember K. B. Aleshire, Councilmember A. Heffernan, Councilmember E. Keller, Councilmember L. C. Metzner, Councilmember S. McIntire, City Administrator Valerie Means, City Attorney Jennifer Keefer, City Michelle Hepburn, Director of Finance, Kathleen Maher, Director of Planning and Code Administration, Scott Nicewarner, Director of Technology, Communications, and Support Services, Paul Rose, Attorney with Miles and Stockbridge, and Donna K. Spickler, City Clerk.

The meeting was held to discuss a potential PILOT agreement and a promissory note agreement. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:37 p.m.

WORK SESSION – March 6, 2018

Mayor R. E. Bruchey, II called this 34<sup>th</sup> Special Session, Work Session and Executive Session of the Mayor and City Council to order at 4:10 p.m., Tuesday, March 6, 2018 in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, A. Heffernan, E. Keller, S. McIntire, and L. C. Metzner, City Administrator Valerie Means, and City Clerk D. K. Spickler.

34<sup>th</sup> Special Session – March 6, 2018

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:11 p.m.

**Approval of an Ordinance: Authorizing the Sale of Property Located at 23 W. Franklin Street**

**Action:** On a motion duly made by Councilmember S. McIntire and seconded by Councilmember E. Keller, the Mayor and City Council unanimously agreed by voice vote to approve an ordinance authorizing the sale of City-

owned property located at 23 West Franklin Street to M. Scott Bowen for the sum of \$1. The sale will provide the opportunity for approximately \$ 500,000 of private investment to create professional office space for MSB Architects. The sale will be in accordance with all terms and conditions outlined in the Purchase Agreement, which is attached to the motion.

**Approval of Purchase: Trash Receptacles for Use in Various Parks**

**Action:** On a motion duly made by Councilmember E. Keller and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote to approve the purchase of \$ 19,622.40 from Playground Specialists, Inc. for trash cans, liners, and lids. Staff recommends this sole source purchase so that the items will match the receptacles and spare parts currently in use. The purchase is discounted pricing from the NJPA's national purchasing network.

**Approval of Purchase: New Replacement Glock Handguns for Police**

**Action:** On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to approve the purchase of 105 new Glock handguns for police duty use. The handguns will be purchased from Atlantic Tactical in New Cumberland, Pennsylvania.

The purchase price is quote at \$ 11,240.00. Final purchase price may vary slightly due to acceptance of traded-in handgun quality upon inspection.

Funding will be from the Hagerstown Police Department's CIP Fund C0196.

The Special Session was closed at 4:13 p.m.

Appalachian Regional Commission Funding Requests for FY 2019

Kathleen Maher, Director of Planning and Code Administration, and Megan Flick, Planner, were present to discuss staff recommendations for FY 2019 project funding requests to the Appalachian Regional Commission (ARC).

The Tri-County Council of Western Maryland is seeking local project funding requests to the Appalachian Regional Commission (ARC) for FY 2019. The deadline for submittal of Preliminary Project Descriptions to Washington County is April 5, 2018. The County Commissioners will prioritize all requests submitted within the county and will forward the requests with their recommendations to the Tri-County Council for review and action. This year the matching requirement is up to 50%. Federal funds cannot be used to match the ARC request and the maximum funding amount per request is \$ 500,000. Projects must meet one or more ARC program goals and State objectives.

Staff recommends that the City rank and submit the following projects for consideration for ARC funding in FY 2019:

1. Professional Court Widening: Project Cost \$ 2,500,000, ARC Request \$ 500,000, Local Match \$ 2,000,000

This project would accommodate traffic from the County's planned new Four Lane Bridge and Arterial Road on the east side of Antietam Creek.

Councilmember Aleshire clarified that the widening would occur only within the City limits. Ms. Maher indicated the project would match four lanes to the bridge being constructed by Washington County. If the City of Hagerstown is not awarded this funding, the County will still build their portion of the road and construct the bridge.

2. Life Safety Code Upgrades Fund: Project Cost \$ 400,000, ARC Request \$ 200,000, Local Match \$ 200,000

This project would incentivize private investment by funding infrastructure upgrades to support fire protection systems for eight downtown buildings.

It was the general consensus of the Mayor and City Council to approve the project funding request and authorize staff to submit the request for review by the County Commissioners.

#### Grant Agreements for Urban Improvement Project (UIP)

Kathleen Maher, Director of Planning and Code Administration, was present to discuss grant agreements for the Urban Improvement Project (UIP).

Staff are seeking authorization from the Mayor and City Council for the following:

1. Acceptance of three grant awards made to the city for the Urban Improvement Project.
2. The Mayor's signature on the three Strategic Demolition Fund (SDF) grant agreements.
3. The Mayor's signature on the Sub-recipient Agreements with Washington County on two legislative bond bill awards for the UIP Plaza.

Aspects of the Urban Improvement Project (UIP) were recommended as Catalyst Projects in The Community's City Center Plan (2014). In early 2017, the City of Hagerstown entered into a Memorandum of Agreement with local and State partner entities on the UIP which outlines each party's role in bringing the components of the UIP to fruition.

The UIP is a \$ 38 million dollar (+/-) public-private partnership to enhance three downtown anchor institutions with expansion projects and to create a public plaza to link the three and create space for events, relaxation, and services to the UIP Facilities.

The Maryland Theatre Expansion will demolish 25 S. Potomac Street (the current box office) and construct a four-story, 30,000 sq. ft. addition across the front of the historic theatre. A capital fund-raising campaign is underway for this project.

The Board of Education Expansion will demolish 13-17 S. Potomac Street (vacant building) and construct a five-story, 54,000 sq. ft., building adjoining the Barbara Ingram School for the Arts (BISFA) which will create academic classroom space and a cafeteria for BISFA and other WCPS programs. State education funding has been sought for this project.

The USMH Expansion involves renovation of space at 55-59 W. Washington Street by a private developer for lease to USMH for the new Hospitality Management Program. Additionally, the old Walnut Street Clinic building is being renovated to create space for the new Physician's Assistant Program and Nurse Practitioner Program.

The Plaza will subdivide off the rear parking lots behind 33-59 W. Washington Street and create a 20,000 sq. ft. public plaza across the space. Additionally, the Cultural Trail will be extended from W. Antietam Street to this area. The City of Hagerstown will undertake this project and be the owner of the public space.

In December, 2016, the Governor announced he was committing \$ 7.5 million over five years for the UIP project. The County Commissioners and the Board of Education also made multi-million dollar commitments towards the project. The Maryland Theatre engaged the services of a fund-raising consultant to assist with raising private funds for the theatre project. Future bond proceeds were anticipated to be committed by the City of Hagerstown for the plaza project and an extension of the Cultural Trail to the area.

On May 23, 2017, the Mayor and City Council authorized staff to apply for State Community Legacy and Strategic Demolition Fund (SDF) grants to assist with implementation of components of the UIP. With the assistance of the State legislators, the City received the following grant awards through the SDF of the Maryland Department of Housing and Community Development:

1. \$ 300,000 to assist with demolition and other pre-development costs for the Maryland Theatre expansion
2. \$ 300,000 to assist with demolition and other pre-development costs for the Board of Education expansion project
3. \$ 300,000 to assist with relocating utilities for the Plaza project

Senator Serafini and Delegate Wilson sponsored legislative bond bills last year to assist the UIP and the project was awarded \$ 200,000, through two bond bills. The intent

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was to assist with the pedestrian bridge that would link the USMH building with the BOE building in the Plaza area behind the buildings. The bridge project was melded in with the Plaza project and then the bridge component was dropped. Per the grant agreement from DGS, the intent for the bond bills is to assist with the City's project - the Plaza.

The State has forwarded grant agreements for the Mayor's signature for the three SDF awards. The City will act as the pass-through on the SDF awards to the Maryland Theatre and the BOE. The City will utilize the third award to assist with funding of the Plaza. The City Attorney is drafting sub-recipient agreements between the City and the Maryland Theatre and the Board of Education for the pass-through awards.

The two legislative bond bill awards were made to Washington County for pass-through to the City of Hagerstown. The County will engage in a Grant Agreement with the State on this award. The County has forwarded sub-recipient agreements to the City for the two legislative bond bill awards for the City. The City Attorney has reviewed the agreements and revisions are being made to the exhibits to show contributions differently.

It was the general consensus of the Mayor and City Council to authorize staff to proceed with the grant agreements. The documents will not be signed until the exhibits are corrected to the City Attorney's satisfaction.

#### 2018 Taxable Bond Issuance via Private Placement

Michelle Hepburn, Director of Finance, was present to begin discussing a 2018 bond issuance. A bond issue was planned and approved in the FY2017/18 budget. The bond amounts were reflected on the Debt Service schedule in the financial projections section of the FY 2017/18 budget. Copies of the schedule were provided to the Mayor and City Council.

At this time, the 2018 bond issuance will only include three projects and purchases. Many of the projects that were included in the approved FY1027/18 budget to be bond financed are not ready to go. However, there are three projects that are needed. In fact, the street sweepers are necessary in order to maintain the City's current street sweeping processes. City staff would like authority to move forward with the assistance of bond counsel and financial advisors on next steps.

Prior to the sale of the bonds, staff will return to introduce and obtain approval of enabling ordinances. So that the City can sell and close on the bonds, staff will also return to obtain approval of a resolution outlining the details of the bond sale. The Capital Improvement Program (CIP) project needs were anticipated and approved in the FY 2017/18 CIP budgets.

The preliminary 2018 Bond Issuance project listing reflects amounts identified in the FY 2017/18 budget documents as well as several other priority projects which need bond proceeds as a source of funding. Currently, the anticipated total amount to be issued for 2018 is \$ 1,545,000; and a summary by fund is listed below:

1. General Fund       \$ 1,265,000
2. Parking Fund       \$ 280,000

Included in the General Fund bond request is \$ 1.265 million for the replacement of a reserve engine and for the replacement of two street sweepers.

The Parking Fund includes \$0.28 million for a portion of the parking equipment upgrades at both the University District and A & E Parking Decks. This project is underway and has previously been approved by the Mayor and Council.

Staff recommend that this issuance be a General Obligation of the City via private placement. This alternate approach is recommended due to the small amount needed. In addition, this approach provides certain advantages for the City in terms of costs and timing. The City has made prudent use of its debt and has adequate capacity to issue new debt. The City last utilized private placement for its 2014 Bond issuance. Currently the City is rated Aa3 with Moody's and AA with Standard & Poor's in April, 2017. Both are strong ratings.

The City has two street sweepers. Until recently, one was operational and the other was badly in need of repair. Now, both sweepers have broken down, which was unanticipated. Debt Service for the sweeper purchase would be paid out of the Stormwater Utility Fee. The Parking Equipment upgrade has been funded through the operating fund so far.

Councilmember Aleshire asked how often the sweepers are used. He also wondered if this could be contracted out. Eric Deike, Director of Public Works, stated over the life span of the sweepers more than \$ 150,000 has been spent on repairs. These vehicles are expensive to operate and they require significant maintenance. The vehicles are run 5 days per week, weather permitting. Mr. Deike stated Stormwater Management requirements, operational sweepers will be needed even more.

The Mayor and City Council agreed to move forward with the bond issuance as described.

#### Indoor Sports Complex: Financial and Market Feasibility Study

Rodney Tissue, City Engineer, was present to discuss a Financial and Market Feasibility Study for an Indoor Sports Complex. As a follow-up to the Mayor and Council discussion in December, 2017, staff issued a Request for Proposals (RFP). Eight written proposals were submitted.

The ultimate goals of this study include:

1. Determine the need for an indoor sports complex to provide for various sports including soccer, lacrosse, futsal, flag football, field hockey, basketball and volleyball (among other sports).

2. Research the growth of each sport in the region and specifically focus on the target market based on the demographics of Hagerstown and the surrounding area. Explore the non-traditional sports markets of revenue producing programs; i.e. summer camps, individual youth programs, party and rental packages, corporate usage, potential partnerships with other area recreational organizations, and estimating possible revenue from corporate sponsorship.
3. Provide data and recommendations that the City of Hagerstown will attach to a future Request for Proposals to the sports complex development community to hopefully secure a public/private partnership to build and operate the facility.

The RFP was issued seeking consulting services to conduct a market Feasibility Study for a Proposed Indoor Sports Complex, as outlined. Staff envision the project having two phases as follows:

Phase I: Financial Viability (March-May 2018):

- A. A demographic and socio-economic analysis to evaluate the economic conditions and demographics that could impact the projected use and marketability of the indoor sports and identify community needs and quality of life opportunities.
- B. Inventory of local sports programs and facilities
- C. A comparable facility analysis of the region including utilization, daily programming, staffing, etc. that are taking sports dollars away from Hagerstown
- D. Community engagement including key stakeholder interviews, focus groups with local community leaders, online surveys, all to determine potential demand, sports best practices and recent trends
- E. A demand analysis that identifies demand potential and estimates programmed uses such as leagues, clubs, clinics, classes, and rental including participation projections. Evaluate what sports could successfully be programmed in the facility to maximize the use. Consider demand for a tournament-level facility with sports tourism potential (such as multiple fields and a gallery for spectators).
- F. Identify the size and amenities that are recommended to be included in the center.

Once Phase I work is complete and the financial vitality is determined, the consultant will present their findings to the Mayor and Council. Based on the Phase I findings, the Council will determine if the consultant should complete Phase II.

Phase II would be a project site analysis and development recommendations and include the following:

- A. Develop a five-year pro forma revenue and expense projection analysis to determine the overall financial viability of the complex
- B. Develop a recommendation on what the facility should include and a concept floor plan drawing to include the complex size, field type and sizes, how they could be used
- C. An analysis and assessment of construction on an existing City property to accommodate use as a recreational facility. Evaluate construction costs for the building and the project site that meets all applicable codes and standards for public occupancy and use

- D. Provide conceptual site development plan that integrates the facility recommendations with the recommended site.
- E. A presentation on possible construction funding sources, partnerships, and sponsorships

The staff Selection Committee evaluated the proposals of eight nationally-recognized firms that responded to the RFP. After reviewing the proposals with the criteria of best combination of technical approach, strong public engagement references, staff qualifications and cost effectiveness, staff recommends Victus Advisors of Park City, Utah to complete the study. Their cost proposal is \$ 30,000 for Phase I, Phase II work (if the City chooses to proceed with it) will be around \$ 70,000. Based on the Council's direction in December, funds are budgeted for Phase I. At this point, staff is only recommending completing Phase I.

Victus has strong references on projects of similar scope of work. Their public engagement appears to be the highest of all the proposals. They have strong public/private partnership experience and their reports reviewed are clear, concise and well organized. A presentation to the Mayor and Council on their Phase I analysis is anticipated to be in June, 2018.

Councilmember Aleshire asked if any of the firms do both the study and the construction of a facility. Mr. Tissue stated he did not think so but many mentioned their experience with contractors.

Councilmember Aleshire stated he anticipates this type of facility being located somewhere in this community rather soon. He is cautious of input from the stakeholders in this process. Mr. Tissue stated a key component of the study is talking to people in the community to find out what their interest is in a facility like this. He believes the groundwork is important, as well as community input and buy-in.

Councilmember Aleshire Kristin does not think the City should be the owners of an expensive piece of property for this facility.

Approval of the contract with Victus Advisors will be included on the next voting session agenda.

#### **CITY ADMINISTRATOR'S COMMENTS**

*Valerie Means, City Administrator*, had no additional comments.

#### **MAYOR AND COUNCIL COMMENTS**

*Councilmember A. Heffernan* had no additional comments.

*Councilmember L. C Metzner* commended the Mayor and staff for a great State of the City presentation and video.

*Councilmember S. McIntire* toured the golf course club house earlier today. There are exciting things being planned at the golf course. The State of the City was well done.

*Councilmember K. B. Aleshire* mentioned that many people asked what the City is doing to stabilize the community as a whole at the State of the City presentation. He pointed out that a significant portion of tax dollars support the public safety services. Only a small portion of tax dollars are used for things like the Pod sculpture. The City has experienced a loss of revenue over the last 10 years due to decreasing property values. The average taxpayer pays less in property taxes than they did 10 years ago. He is frustrated that people are saying a proposed tiered tax rate is a renter's tax. This is not true. If implemented, a tiered tax rate would more evenly distribute the cost of services used based on the property use. These items need to be addressed in order to create financial stability.

Councilmember Heffernan thinks charts and graphics to convey this message would be helpful for citizens.

Councilmember Keller stated it is worth it to her to keep amenities like the swimming pool for citizens.

*Councilmember E. Keller* congratulated Aaron Brooks, North Hagerstown High School, who has earned his fourth State Championship in wrestling. He is preparing to try out for the 2020 Olympics.

*Mayor R. E. Bruchey, II* thanked everyone who attended the State of the City presentation earlier today. He thanked staff for putting together a great presentation. He also thanked the Chamber of Commerce and Wright Gardner Insurance for hosting 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 4:56 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: April 24, 2018