

EXECUTIVE SESSION – March 19, 2019

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 of all members present at the time of the 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 3-305(b)), to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State; #4 (Section 3-305(b)), and to consult with counsel to obtain legal advice; #7 (Section 3-305(b)), on Tuesday, March 19, 2019 at 2:35 p.m. in Room 407, 4th floor, City Hall, Hagerstown, Maryland. Councilmember Aleshire was not present for the vote.

The following people were in attendance: Mayor R. E. Bruchey, II, Councilmember K. B. Aleshire, Councilmember A. Heffernan, Councilmember E. Keller, Councilmember S. McIntire, Councilmember L. C. Metzner, Interim City Administrator Michael Spiker, City Attorney Jennifer Keefer, Michelle Hepburn, Director of Finance, Kathleen Maher, Director of Planning and Code Administration, Jill Thompson, Director of Community and Economic Development, Jim Bender, Assistant City Engineer, and Donna K. Spickler, City Clerk.

The meeting was held to discuss membership for the Historic District Commission, the Board of Zoning Appeals, and the Board of Traffic and Parking; a business proposal for an existing business, a pending settlement agreement, a potential contract, and recruitment of a City Administrator. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:43 p.m.

WORK SESSION – March 19, 2019

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:01 p.m., Tuesday, March 19, 2019 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, Interim City Administrator Michael Spiker, and City Clerk D. K. Spickler.

Maryland Theatre Funding Request

Benito Vattelana, President, and Jessica Green, Executive Director, were present to provide an update on the Maryland Theatre Expansion and request additional support.

The Maryland Theatre expansion project construction continues to move forward in a steady and exciting fashion. Community support of the project has been amazing as evidenced by over \$ 4.8 million in private pledges to the capital campaign. This important City Center catalyst project has received a \$ 5 million pledge of support from

Governor Hogan. The project has also received significant support from the County Commissioners through a forward funding agreement for the Governor's pledge, committing a daily on-site construction inspector to the project as well as providing procurement services through the County Purchasing Office. Senator Serafini has worked tirelessly on behalf of the Urban Improvement Project and gained legislative funding for the Theatre. The Maryland Theatre board appreciates the City's support in applying for State grants on their behalf which has already resulted in a \$ 600,000 award, and potentially more through DHCD.

Looking back, they remain grateful to the City for stepping forward with County over two years ago when each approved \$ 500,000 for the design of the expansion. The City's response in approving the PEP Application waiving the permit fees for the project was timely. They are additionally thankful for the \$ 200,000 received Summer 2018 for construction funding.

Mr. Vattelana believes the capacity of the Theatre will double capacity over the next few years with the six new rental spaces. If all the spaces are filled, there will be more people downtown. The real vision behind the project is to develop a sustainable revenue stream. Performances are doing well but there is not a large profit margin from the shows. The additional rental options will supplement a well-run theatre. The support from the Mayor and City Council have really helped the project.

Councilmember Metzner supported a downtown stadium. When that possibility ended, that didn't end the desire to improve downtown.

The Mayor and City Council was not comfortable committing to support for the Theatre for a full four years last year. They did commit to one year of support. Ms. Green stated they are asking the Mayor and City Council to support the Theatre for the full four years.

Community Action Council and Goodwill Housing Discussion

Brooke Grossman, Director of Work Force Development, Horizon Goodwill Industries, George Newman, III, President/Chief Executive Officer of Washington County Community Action Council (CAC), and David Shuster, Chief Executive Officer of Horizon Goodwill, were present to discuss current housing solutions for low income residents and action steps to move these solutions forward as a team of non-profits and the City of Hagerstown.

Across the United States, more than 1 in 10 households spend more than half of their income on housing costs (sever housing cost burden). Among those who own their home, hosing cost burden has decreased in the past decade. At the same time, there has been no improvement I the rates among renters. Housing cost burden remains substantially higher among renters than owners, particularly for households with low incomes.

Severe housing cost burden affects health and is linked to barriers to living long and well. Across counties, increases in the share of households severely cost burdened are associated with more food insecurity, more child poverty, and more people in fair or poor health.

To illustrate the challenges faced by the work force households they work with, Ms. Grossman stated they use an example of “Ted”. Ted is a single adult working an entry level position, he currently earns \$11/hour and works 40 hours per week, with \$ 1,760 gross income per months. As minimum wage rises, the benefit levels do not. Any increase in wage may put Ted out of the food stamp program and other programs. They are working to get people upskilled. People like Ted can’t usually commit six months to education.

Mr. Newman stated they are not asking for money but assistance in the form of a partnership. Last year they were able to save more than 80 families from being evicted. This conversation is not about the homeless population, which has a different demographic with a different set of needs

Ms. Grossman stated getting a job isn’t the hard part for many people. The real challenge is maintaining the home.

Mr. Shuster stated they are in the business of helping people reach their fullest potential. The goal is to join together to give these individuals the opportunity to get to where they can support themselves. The 2019 County Health Rankings report also includes community health, which impacts another side of the services that are available.

Councilmember Heffernan pointed out this is a problem faced by many communities. He thinks it is also a State problem and State assistance is needed.

Ms. Grossman thinks to be successful, this groups needs to provide options to State officials that would help the problem. A town in Indiana has a workforce program for affordable housing. The program includes a lower cost apartment that is lower cost for 12 months and the rent increases as the renter is able to afford it. There is a life coach working with the participants. It takes a solid seven years to reach self-sufficiency.

Councilmember Keller pointed out the perception is that Washington County has all the social services a person needs. She asked what gaps need to be filled.

Mr. Newman informed the groups that there is a CAC is in every Maryland County. The Frederick County CAC has a medical clinic attached to their services. People are not moving to Hagerstown for the services provided through the CAC. He is confident a partnership of agencies, with support of the City, County, and State can successfully address the gaps.

Mr. Shuster stated getting a job is not the same as keeping a job. The outcome expectation has to change in order to place people where they have the opportunity to get better. Grant funding is moving to transitional outcomes. Merging the affordable

housing piece with the program helps make it a longer lasting outcome. The multiple barriers have to be addressed without diluting the resources.

Councilmember Heffernan pointed out most employers are not currently likely to support this type of program.

Councilmember Aleshire has compared Hagerstown to neighboring jurisdictions. There is a significantly higher number of Section 8 vouchers than the County. Clearly Hagerstown has provided a disproportionate amount of services. Other jurisdictions across the State close their public housing for a period of time. He pointed out 80% of the taxes collected is for police and fire services. When prisoners are released they often stay in the community and many times create an additional strain on emergency services.

Ms. Grossman stated they see many released inmates and they aren't getting the jobs they need to afford housing. When young adults hit the street they have an immediate need to make money. This housing program is an alternative to help this group from returning the previous bad behaviors.

Mr. Newman stated CAC is looking at this program for the rentals under their jurisdiction. This is not under the Housing Authority.

Councilmember Heffernan thinks the County needs to be involved in this partnership. The concentration of housing is downtown. If there were jobs available downtown, everyone would be happy. Affordable housing needs to be moved to the areas where there are jobs.

Ms. Grossman stated the doctors' offices, social services, and other services are downtown and there is not a concentration of these programs. The less desirable population is being invited to participate in the community. To move Hagerstown forward, they need to be invited to be a part of the community. A lot of people are from this community and have been all their lives. They are not just takers of services. They may have talents they can contribute.

Councilmember McIntire asked how the program in Indiana was started. Ms. Grossman stated the Council created an Ad Hoc committee and created a partnership with the non-profits. They acted as a go between to address concerns in the community. Details of that program will be provided to the Mayor and City Council.

Mayor Bruchey stated he thinks this conversation should be continued with County and State representatives.

Councilmember Keller asked if they have an idea for a location to start this program. Ms. Grossman stated they have looked a few properties but nothing is secure. They are open to suggestions.

Councilmember Aleshire suggested looking at a location that gets a property back to productive hands, which would provide a place for people to move into with a sense of stability.

Mr. Newman stated they could approach the State about being a model program for the entire State.

Preliminary Agenda Review

Consent Agenda

A. Fire Department:

1. Vehicle Purchase – Fire Marshall – Keystone Ford (Chambersburg, PA)
\$ 52,363.16

B. Department of Parks and Engineering:

1. Furnish ADA-Compliant Bleachers for Parks in City – Kay Park Recreation Corp. (Janesville, IA) \$ 36,076.72
2. Repairs to Wall of Marsh Run – GRC (Zullinger, PA) \$ 78,756.00
3. Hager’s Crossing Drive: Request to Change Speed Limit

C. Department of Planning and Code Administration:

1. Approval of Procurement Ratification – Demolition of 523 Summit Avenue

D. Utilities Department:

1. Light – Substation Testing and Inspection Services – Electric Power Systems (Cockeysville, MD) \$ 49,485.00
2. Wastewater – Submersible Grinder Pump – Fluid Solutions, Inc. (Westminster, MD) \$ 21,260.00
3. Water – Ford F-250 – Keystone Ford (Denton, MD) \$ 27,877.00

This completed the Preliminary Agenda review. There were no questions about any items. All items are scheduled for approval on March 26, 2019.

Proposed Strategy for Cyclical Tax Sale Properties – Tax Lien/Non-bidded Properties and Land Bank

Scott Nicewarner, Director of Technology, Communications, and Support Services, and Jonathan Kerns, Community Development Manager, were present to discuss a strategy for reducing the number of cyclical tax sale properties within the City of Hagerstown.

Staff also request approval to move forward with development of a program to repurpose cyclical tax sale properties. This would include demolition of structures when necessary. Staff recommend the program be started on a pilot basis to evaluate long term feasibility, future budget considerations, and program impact.

As described on the Washington County Treasurer’s website, the Washington County Maryland tax sale process enables the County to collect all unpaid and delinquent City and County property taxes as required by stature. The annual tax sale typically occurs in

June of each year. Properties subject to the annual tax sale can result in the following scenarios: current owner of record redeems property by paying taxes and interest, tax sale bidder gains ownership after a foreclosure process, or property remains in tax sale process due to a bidder's unwillingness to foreclose or lack of bids.

Each year, numerous properties within the City of Hagerstown are subject to the annual tax sale process. Certain tax sale properties, especially vacant and/or abandoned properties, are a nuisance to their respective neighborhoods. The majority of these properties are vacant structures and vacant lots in residential neighborhoods. The properties are monitored by Planning and Code Administration staff and nuisance conditions such as trash, weeds, and snow are abated throughout the year. These necessary abatements require hours of staff time and the abatement fees continue to increase the delinquent tax amounts for the properties in question. These properties put a stain on staff time and resources while negatively impacting the City's assessable property tax base.

Approximately forty properties within the City have been subject to the tax sale process on an annual basis and the process continues to repeat year after year with no change in property ownership. Some of these properties have delinquent tax amounts that far exceed the value of the property. Other factors deterring transfer of ownership include deteriorating property conditions, lot size, and the lack of feasible development options. Once up for tax sale, many of these problem properties do not receive tax sale bids. Without bids, the property ownership remains with the current owner of record and the property returns to the tax sale cycle the following year. Even if a subject property receives a tax sale bid, the tax sale bidder typically does not follow through with the necessary foreclosure process to gain ownership. This satiation can cause the property to remain in limbo for up to two years before eventually return into the tax sale cycle for future years.

Over time, delinquent tax amounts increase on these properties and property conditions continue to deteriorate. This further reduces the likelihood of delinquent property taxes ever being collected by the City and County since the traditional tax sale process is unlikely to produce a transfer of ownership. The p continue to have a detrimental impact on city neighborhoods.

This problem is not unique to Hagerstown. Many jurisdictions across the State of Maryland are experiencing similar problems with blighted subject to repeated tax sale. City staff discovered a "Tax Lien Property Repurpose Program" currently operating in Dorchester County, Maryland. The goal of Dorchester's County's program is to transform problem tax sale properties, obtained by the County through tax lien foreclosure, in to productively owned property. Approximately 200 properties have been repurposed through this program. In a typical year, Dorchester County forecloses on approximately 30 properties that are subsequently listed for sale through the program.

The Maryland General Assembly enacted legislation in 2018 to provide local governments with additional flexibility for removing properties from the tax sale process

to facilitate transfer of ownership. The bill expanded several provisions of the existing law that were only applicable in Baltimore City in the past.

The new legislation now gives local governments the following options:

1. Authorizes counties to withhold properties from tax sale that have been designated for redevelopment purposes
2. Sell abandoned property for less than the total amount owed
3. Take separate action outside of the standard tax sale process to collect delinquent taxes
4. Expedite the foreclosure of abandoned property

Based upon the information received through consultation and research, staff recommend developing a program using an approach similar to the Dorchester County program. A cyclical tax sale property would be obtained by the City via foreclosure and the property would then be sold or donated shortly thereafter. End users could be identified prior to the City beginning the foreclosure process and once under city ownership, the property could be donated or sold immediately. If a property requires demolition, most cases would permit use of Community Development Block Grant funding for such demolitions. Vacant lots would be available for new construction projects and homeownership opportunities.

A high level overview of the process would include the following steps:

1. Identification of cyclical tax sale property or properties that are vacant/abandoned and subject to multiple tax sales without transfer of ownership
2. Property or properties are then categorized as a buildable vacant lot, unbuildable vacant lot, lot with structure that requires demolition, or lot with structure that can be rehabilitated
3. City seeks a developer/partner/end user for a select property prior to proceeding with property foreclosure (Process to seek end user is to be determined)
4. After identifying developer/partner/end user, City forecloses on property and takes steps necessary steps to resell property to developer/partner/end user
5. If demolition is required, the City demolishes property immediately while under City ownership or requires developer/partner/end user to undertake demolition
6. Tax liens would likely need to be reduced or forgiven to make resale and reuse feasible
7. Would require partnership from the County to reduce and/or forgive delinquent County tax
8. Previous owner of record remains liable for uncollected tax amounts and judgment is entered for any remaining delinquent taxes

Staff initially sought solutions that would avoid the City acting as the property owners for these properties. After numerous conversations with other jurisdictions and legal counsel, staff still recommend the above program concept as the most viable option for successful repurposing of problem tax sale properties. The goals accomplished by such a

program would include elimination of neighborhood blight, demolition of unsafe structures, homeownership opportunities through new construction, reduced City cost for code enforcement abatement actions, and vacant/abandoned properties returning to productive and taxable uses.

If the Mayor and City Council direct staff to move forward with a program to repurpose vacant and abandoned cyclical tax sale properties based on the concept discussed, staff will continue to work with legal counsel to finalize the necessary details and steps involved for tax sale foreclosure and property resale. Once finalized, all program processes and steps would be presented to the mayor and City Council for formal approval. Staff estimate program implementation could begin on a pilot basis during the summer of 2019. Pilot implementation would target one or two cyclical tax sale properties with a high probability of successful resale and reuse.

Councilmember Aleshire thinks funding should be included in the General Fund for demolition in FY20. He believes most property owners would be supportive of an additional \$ 12.00 per year on the tax bill to fund the program. He believes they would see this as a good use of their tax dollars. He thinks this program will be successful, but there needs to be a mechanism to obtain the properties.

Mayor Bruchey asked if the County would waive their fees. Mr. Nicewarner indicated they don't waive fees yet, but Todd Hershey, County Treasurer, does support the program.

It was the general consensus to move forward with the development of the program.

Acquisition of 319 Summit Avenue

Rodney Tissue, City Engineer, was present to discuss the potential acquisition of 319 Summit Avenue.

Based on past conversations with the City Council regarding the Cultural Trail, there was a stated interest in the City possibly acquiring the property located at the referenced address where the business "Park Circle Service Center" is located. An agreement has been reached with the owner for the property.

Staff has compiled the following information to assist the Council in their decision:

1. Staff had the property appraised per Program Open Space requirements. The average (of two appraisals) is \$ 105,000
2. Based on the December 2015 request from the City, the County informed staff that the City will receive \$ 50,000 in POS for this acquisition. As directed by City Council in December, staff requested an additional FY20 POS acquisition funds which the City has an excellent chance of receiving. POS will not pay more than appraised value.
3. The business closed on December 21, 2018 and the owner is retiring. She does not want any compensation for the business but she is asking \$ 135,000 for the 0.2 acre property.

4. The estimate to remove the Building (assuming the site is environmentally clean) is \$ 35,000.
5. Since this property was a former Exxon gas station, staff would suggest that a Phase I and II environmental survey be completed, and an environmentally “clean site” be a condition of the purchase. The cost of this would be \$ 7,500 and would look carefully for any existing tanks, soil contamination, leaking hydraulic lifts, asbestos and any possible used oil or heating oil tanks.
6. For future use, staff envisions this space being an expansion of the green space in the triangular shaped traffic island. The art master plan for the Trail called for a challenge plinth” in this area where each year an art “challenge” is issued and the winner is displayed on the plinth for the year. Other ideas include remodeling the building as an ice cream shop (but it would have to remain a City-owned and operated property to meet POS requirements).

It was the general consensus to start the process to acquire the property, including the environmental study. An ordinance will be scheduled for introduction on March 26, 2019.

CITY ADMINISTRATOR’S COMMENTS

Michael Spiker, Interim City Administrator, stated the City of Hagerstown is hosting the Washington County Chapter of MML meeting on Monday, March 25, 2019. The State of the Library will be held on Tuesday, March 26, 2019.

MAYOR AND COUNCIL COMMENTS

Councilmember S. McIntire had no additional comments.

Councilmember L. C. Metzner had no additional comments.

Councilmember A. Heffernan had no additional comments.

Councilmember K. B. Aleshire pointed out the anticipated demolition of 523 Summit Avenue will greatly improve that neighborhood.

Councilmember E. Keller had no additional comments.

Mayor R. E. Bruchey, II had no additional comments.

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 5:32 p.m.

Respectfully submitted,

Original signed by D. K. Spickler
Donna K. Spickler

WORK SESSION AND EXECUTIVE SESSION
2019
MAYOR AND CITY COUNCIL

MARCH 19,

HAGERSTOWN, MARYLAND

City Clerk

Approved: April 23, 2019