

68TH SPECIAL SESSION, WORK SESSION AND EXECUTIVE SESSION – April
2, 2019

EXECUTIVE SESSION – April 2, 2019

On a motion duly made by Councilmember A. Heffernan and seconded by Councilmember K. B. Aleshire, 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 3-305(b)), on Tuesday, April 2, 2019 at 9:01 a.m. at Homewood Suites, 1650 Pullman Lane, Hagerstown, Maryland.

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, and Donna K. Spickler, City Clerk.

The meeting was held for the City Administrator recruitment. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:28 p.m.

68TH SPECIAL SESSION AND WORK SESSION – April 2, 2019

Before the start of the formal meeting, the Mayor and City Council met with students from Wesel, Germany who are visiting Hagerstown and other areas.

Mayor R. E. Bruchey, II called this 68th Special Session and Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, April 2, 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.

68th Special Session – April 2, 2019

On a motion duly made by Councilmember L. C. Metzner and seconded by Councilmember A. Heffernan, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 4:00 p.m.

Approval of an Ordinance: Acquisition of 319 Summit Avenue

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 for the purchase of property known as 319 Summit Avenue. Funding for the acquisition, removal of the structure, and creation of additional green space is from Maryland

Program Open Space and City funds as outlined in a March 19, 2019
memo.

Discussion: Councilmember Heffernan asked if approval of this ordinance requires the City to demolish the structure. Rodney Tissue, City Engineer, stated the agreement does not include demolition of the building.

Approval of an Ordinance: City of Hagerstown General Obligation Debt

Action: On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember A. Heffernan, the Mayor and City Council unanimously agreed by voice vote to adopt an enabling ordinance authorizing the City of Hagerstown to sell and issue from time to time, upon its full faith and credit, general obligation bonds in one or more series in an original aggregate principal amount not to exceed \$ 3,105,000. Proceeds of the bonds will be used to finance, reimburse or refinance costs of the projects identified in Section 3(b) of the ordinance. All projects/debt service are allocated to the General Fund.

The ordinance also authorizes the sale and issuance from time to time, upon the City's full faith and credit, of (i) general obligation bond anticipation notes in one or more series in an original aggregate principal amount not to exceed \$ 3,105,000 to fund project costs on an interim basis, and (ii) general obligation refunding bonds in an original aggregate principal amount not to exceed 130% of the aggregate principal amount of any bonds being refunded, in order to reduce debt service costs or achieve debt service restructuring. Details of any such general obligation bond anticipation notes or general obligation refunding bonds are authorized to be determined or provided for by resolution.

Any series of such general obligation bonds, bond anticipation notes or refunding bonds may be issued as a single instrument.

Staff is hereby directed to work with the City's Financial Advisor and Bond Counsel to determine whether a direct purchase transaction of the bonds are contemplated by the ordinance remains the best financing option for the City, and to develop the necessary detailed resolution and other documents required to prepare for the sale and issuance of the bonds as contemplated by the ordinance, including any request for proposal to determine the purchaser. As specified in the ordinance, details and authorizations regarding the amount, timing, final method of sale or sales, and other sale details will be outlined in a detailed resolution to be presented to this body for approval at a future date prior to the issuance of the bonds.

Approval of a Resolution: Settlement and Release Agreement with Free State Ventures, Inc.

Action: On a motion duly made by Councilmember A. Heffernan and seconded by Councilmember E. Keller, the Mayor and City Council unanimously agree by voice vote to approve a resolution to enter into a Settlement Agreement and Mutual Release with Free State Ventures, Inc., 453 Antietam St., LLC, and Hagerstown Antietam 453 West Trust for purposes of settling a dispute related to real property located at 453 West Antietam Street, Hagerstown, Maryland.

The Special Session was closed at 4:05 p.m.

WORK SESSION – April 2, 2019

FY20 Budget Review and Discussion

Mr. Spiker stated the FY20 Proposed Budget was developed with input from all departments. He thanked the entire Finance Department for reviewing and compiling all the information and completing the proposed budget within the required deadline. The FY20 Proposed Budget is balanced. Staff is proud to note the budget is balanced with no tax rate increase, while providing the same level of service citizens have come to expect.

Michelle Hepburn, Director of Finance, and Jennifer Peterson, Accounting and Budget Manager, were present to provide an overview the FY20 proposed budget.

On Friday, March 29, 2019, copies of the FY20 Proposed Budget were distributed. The budget book includes the new 2018-2020 goals and priorities.

Staff reported in February, 2019 that there was a deficit of \$ 3.4 million as the proposed budget preparation began. With continued review and adjustments, a balanced budget is now being presented for the Mayor and City Council's consideration.

At this time, staff anticipates that a majority of the detailed discussions in April to focus on the General Fund operating and capital needs, not just for FY20, but also for future projections for FY21. Some of the most important components in the FY20 Proposed Budget are:

General Fund

1. No change in Real Estate tax rates in FY20
2. No change in Corporate Personal Property tax rates in FY20
3. Assessed value growth of 1.5%
4. Cable franchise revenue is included of \$ 180K approximately 50% of prior levels due to pending FCC decision
5. Highway User Revenue (HUR) of \$ 275K included to cover portion of eligible annual debt service requirement

6. One-time transfer from Health Insurance Fund of \$580K due to FY18 surplus within Fund Balance/Retained Earnings policy guidelines
7. Utilization of existing and unrestricted CIP Fund Balance of \$ 305.5K for capital infrastructure and projects
8. Total transfers to Economic Redevelopment of \$975K for various incentives and costs
9. Excludes additional contribution to The Maryland Theatre for its expansion project
10. Excludes contributions for the Doleman Black Heritage Museum
11. Excludes any funding toward a second sheet of ice for the Ice Rink
12. Excludes any funding toward construction or acquisition of a Sportsplex
13. Excludes funding for new or renovated Minor League Baseball Stadium
14. Includes continued funding of \$405K for 911 Center
15. Includes additional \$25K for branding and/or marketing initiative
16. No changes in full-time staffing over currently approved Mayor and Council levels
17. Includes total funded vacancy savings of \$425K

Electric Fund

1. Wholesale power contract is in place through May 31, 2022 which sets both the revenue and majority of all expenses (75.4%)
2. No change in full-time staffing levels

Water Fund

1. New cost rate model approved and effective FY20 through FY24 (3.0% annual increases)
2. No change in full-time staffing levels

Wastewater Fund

1. New cost rate model approved and effective FY20 through FY24 (2.0% annual increases)
2. No change in full-time staffing levels

Parking Fund

1. Rates approved and effective through FY22 (\$2.00 annual increases)
2. No change in full-time staffing levels in FY20 but need to evaluate for future
3. Third Parking Deck construction, revenue and operating expenses included beginning in FY21

The first section is a quick overview of the community. The City Administrator's budget message and the Hagerstown Budget Message includes a number of charts (with references of where to find further detail) and matrixes. These charts will be helpful for citizens looking for specific fund information. Departmental goals and operations can be found in Section 2. Information for Special Revenue Funds can be found in Section 4. Section 5 provides detailed information about Service Trust Funds. Five year financial projections are in Section 6. The largest portion of the budget book is devoted to the

Capital Improvement Program (CIP). Detailed information for each project included in the CIP can be found in Section 7. Section 8 includes the City's user fee schedules.

The budget message is a high level overview of the City's operations and budget. It also includes important factors the City will be facing in the coming years. Two significant charts included in the message are a listing of the available economic incentives and a list of amenities. Ms. Hepburn noted that the amenities are not strictly within the General Fund. There is a wage adjustment chart showing past adjustments as well as wage adjustments included in the FY20 budget. The wage adjustments included in the four approved bargaining unit contracts is included. A non-union step increase (on anniversary date) is also included.

The Debt Service Policy requires a certain percentage of the fund to be maintained. A chart showing this information is included in this year's proposed budget. Staff anticipate debt issues will be needed in each of the next five years.

The HUR amount is 26% higher than the last fiscal year and the highest since FY10. The City anticipates \$ 1.7 million in FY20. The future of HUR funding from the State of Maryland should be discussed, with a determination of how to proactively deal with changes in the funding in future years.

Councilmember Aleshire stated most people look at the tax rate and utility rate when reviewing the City's budget. Before large projects are started, the City's fiscal stability needs to be solid. He wants to focus on a stormwater management fee, public utility tax, and fair cost sharing of fire and rescue service. Within the next six years, the stormwater regulations will be fully implemented. He anticipates a public utility tax rate would provide and additional \$ 300,000 in revenue within six years. Fire and rescue fair share revenue should be \$ 500,000 to start with and increase to \$ 1 million. The Mayor and City Council should review contributions and operating efficiencies. The stated vacancy savings are not sustainable. A more realistic number would be \$ 250,000. After the budget stability is established, taxpayers should decide which amenity items they want their tax dollars going toward.

Councilmember Heffernan agreed. He wants to review the agency contributions. He is concerned that a contribution is provided by the City to an organization that has a large reserve fund.

Councilmember Metzner commended the Finance Department staff for continually being recognized for excellence by the Government Finance Officers Association.

Councilmember Keller reported she sent a correspondence to the County Commissioners last week asking for fair treatment for fire and rescue service within the City limits of Hagerstown.

It was the general consensus to review agency contributions in detail.

Ms. Hepburn noted Stormwater Management Fees are included in the proposed budget. Mr. Tissue has been moving forward with the first phase of the program. There is \$ 761,000 included in the FY20 budget. Projects have been identified within the CIP program in FY21 to FY24.

Public Hearings on the proposed tax rate and proposed budget are scheduled for May 7, 2019 at 7:00 p.m. Introduction of the ordinances for both is scheduled for May 14, 2019, with adoption scheduled for May 21, 2019.

Transportation Priorities

Rodney Tissue, City Engineer, was present to discuss the City's transportation priorities. Each year the Maryland Secretary of Transportation and Department of Transportation (MDOT) seeks to obtain priorities from the local jurisdictions to facilitate their preparation of the Consolidated Transportation Plan (CTP). The CTP will be presented by Secretary Pete Rahn and State Highway officials in October.

Staff will send to MDOT the priorities from the City elected officials. Staff offers the following items as suggested priorities:

1. Eastern Boulevard Corridor Improvements – This Washington County led, multi-phase project consists of a multi-modal transportation system connecting US Route 40, Maryland Route 64, and Maryland Route 60. Future phases include construction of new streets to disperse traffic and reducing traffic volumes on State routes. One such route is the construction of Professional Court extended, which is under design.

2. I-81 Widening – Widening from the Potomac River bridge to approximately Route 11 is underway. Staff advocate for the widening to the Pennsylvania line over the next ten years.

3. Dual Highway Pedestrian Improvements – Based on the 2015 study completed by the MPO, staff recommend implementation as outlined in a letter to the SHA, dated March 7, 2016.

4. Tourist Signs – In April of 2016, the Mayor and Council approved a State Highway plan to install new Tourism signs. These signs would replace the faded and outdated brown signs around the community and would direct motorists to downtown, City Park, Fairgrounds Park, Municipal Stadium, etc. Staff understand that the timetable of the installation has been advanced to spring of 2020. They are grateful for this advanced schedule and request that this schedule not be delayed.

5. Continue to fund Retrofit Sidewalk Installation, Bikeway Grants (to implement the City's Master Plan), Transportation Alternatives Program (for the Marsh Run Trail), and Safe Routes to School Program (for sidewalks and traffic signals) all of which the City has successfully used many times in the past.

6. Highway User Revenues – Continue funding at the levels received for FY20 (\$ 1,720,000) or higher.

Washington County Engineering staff indicated they have not finalized their list but it will be substantially similar to their Transportation Priority 2018 correspondence.

It was the general consensus to submit the list of priorities as stated.

Historic City Farmer's Market Update

Kitty Clark, Community Events Coordinator, was present to provide an update to the Mayor and City Council on the operations of the Historic City Farmer's Market and to seek direction on the future of the Market.

At the May 8, 2018 Work Session, the Mayor and Council directed DCED to offer a three-month free rent promo for new vendors at the Historic City Farmer's Market. As a result of this initiative, 27 new vendors tried out the Market. As of March 27, 2019, five of these are still in their trial period; 8 have transitioned to paying vendors; one is considering returning later in the spring; and 13 did not continue past their trial period.

New vendors are offering a range of products including baked goods, butcher blocks, honey, jewelry, home décor, refinished furniture, and prepared meals.

Marketing initiatives publicizing this incentive included social media posts, website postings, E-cast, print advertising, press releases, flyer distribution, City TV channel, visits to related markets and events, and reaching out to Pop-Up Shop vendors. In addition to publicity, several events have taken place over the last year to publicize the Market in general. Events have included live music and special themes.

The Farmer's Market operated at a net expense of \$ 29,438 in FY16, \$ 64,434 in FY17, and \$ 54,116 in FY18. In FY19, the projected net expense is \$ 48,655. The FY20 projected net expense is \$ 52,347.

The Mayor and City Council goals prioritize work on 6 of the 8 Catalyst Projects. Staff seek further direction on Catalyst Project #7: Expanded Operations of the City Farmers' Market.

The hours of the Farmer's Market were modified from 5:00 a.m. to 12:00 p.m. to 6:00 a.m. to 12:00 p.m. in May, 2018. Staff seek a discussion and consideration for the idea of keeping the Farmer's Market open until 2:00 p.m. Opportunities and factors related to this idea will be discussed.

Discussion of the mix and makeup of the types of vendors in the market including factors related to limiting the number of vendors selling like products.

Councilmember Aleshire reminded the group he suggested offering free rent several years ago in order to gauge interest from vendors. He understands that it costs the City to keep the Market open. He wondered if the City promoted the Market as a destination, with free rent, if there would be enough interested vendors to fill the space. He mentioned that it may be less costly to pay someone to operate a grocery store in the space if there aren't enough interested vendors. He suggested talking about best practices with the operations manager of the Farmer's market at the Washington County Ag Center.

Councilmember Metzner wondered how many vendors would have stayed for free rent. If spaces are free and vendors don't come, that is telling.

Councilmember Aleshire pointed out parameters would be required if the rent was free. He noted many vendors stay because they enjoy the synergy.

Councilmember McIntire asked if Main Street has any interaction with the Market. Ms. Clark indicated they do not.

Councilmember Heffernan stated he feels there needs to be longer hours in order for it to be successful. He suggested trying free rent for a year and see what happens. Ms. Clark stated there is not a consensus among the vendors to stay open longer.

Mr. Spiker recommended that staff return with additional information in May. The information should include a list of the vendors. The number and type of vendors could be discussed later. Formal action stating the hours of service and removal of fees for a one year period could be scheduled for May 28, 2019.

CITY ADMINISTRATOR'S COMMENTS

Michael Spiker, Interim City Administrator, had no additional comments.

MAYOR AND COUNCIL COMMENTS

Councilmember S. McIntire had no additional comments.

Councilmember L. C. Metzner congratulated Jim Kline and those responsible for completing the Vietnam War Veterans Monument. He suggested formally recognizing the members of the committee that worked to make the monument happen.

Councilmember A. Heffernan agreed with Councilmember Metzner's comments about the Vietnam War Veterans Monument. He attended the International Film Festival and enjoyed talking to people from all over the country. This was an economic boon for the City. Repeat visitors to Hagerstown are impressed with the continued improvements.

Councilmember K. B. Aleshire had no additional comments.

Councilmember E. Keller stated it was a privilege to speak to 100 young women at a recent Girl Scouts event. She addressed comments made after a recent post on social media regarding her chest area.

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 5:21 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: May 28, 2019