

EXECUTIVE SESSION – December 10, 2019

On a motion duly made by Councilmember A. Heffernan and seconded by Councilmember L. C. Metzner, the Mayor and City Council unanimously agreed by voice vote of all members present at the time of the vote 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(i) (Section 3-305(b)), 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 3-305(b)), on Tuesday, December 10, 2019 at 3:03 p.m. in Room 407, 4th floor, City Hall, Hagerstown, Maryland. Councilmember E. Keller was not present for the vote. Councilmember S. McIntire was not present at the meeting.

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, City Administrator Scott Nicewarner, City Attorney Jason Morton, Michelle Hepburn, Director of Finance, Jill Thompson, Director of Community and Economic Development, Eric Deike, Director of Public Works, Rodney Tissue, City Engineer, Jonathan Kerns, Community Development Manager, Doug Reaser, Business Development Specialist, and Donna K. Spickler, City Clerk.

The meeting was held to discuss two business proposals and the Board of Zoning Appeals membership. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:44 p.m.

WORK SESSION – December 10, 2019

Mayor R. E. Bruchey, II called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, December 10, 2019 in the Council Chamber at City Hall. Present with the Mayor were Councilmembers K. B. Aleshire, A. Heffernan, E. Keller, and L. C. Metzner, City Administrator Scott A. Nicewarner, City Attorney Jennifer Keefer, and City Clerk D. K. Spickler. Councilmember S. McIntire was not present.

Proclamation: Historic Houses of Worship Tour

Mayor Bruchey read a proclamation announcing the 2019 Historic Houses of Worship Tour in Hagerstown. The tour will be held on Thursday, December 26, 2019. The tour includes 12 Historic Houses of Worship and one historical building. Pat Kelley, Representative of Hagerstown Religious Council, Tom Van Meter, and Cindy Brown, Otterbein United Methodist Church, accepted the proclamation.

Consent Agenda

A. Parks and Engineering:

1. 2020 and 2021 Pavement Preservation Program

B. Utilities Department:

1. Light – Substation Class Vacuum Circuit Breakers – Siemens Industry, Inc. (Wendell, NC) \$ 62,741.00
2. Wastewater – Miscellaneous Facility Repairs – Synagro – WWT, Inc. (Baltimore, MD) \$ 37,219.18
3. Water – Hydrofluorosilicic Acid – George S. Coyne Chemical Co., Inc. (Croydon, PA) \$ 51,763.50

This completed the Preliminary Agenda Review. There were no additional questions about any items. All items, unless noted, are scheduled for approval on December 17, 2019.

FY19 Comprehensive Annual Finance Report (CAFR)

Michelle Hepburn, Director of Finance, and Chris Lehman, Engagement Partner with SB & Company, LLC, were present to discuss the City's Comprehensive Annual Financial Report (CAFR) for FY19.

Ms. Hepburn noted the preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department. Copies of the FY19 CAFR were distributed in early November and a copy is available on the City's website.

Mr. Lehman reported SB & Company, LLC has issued an unmodified opinion on the finance statements. No instances of fraud or material weaknesses in internal controls were discovered. They received full cooperation from management during the audit. The City's net position as of June 30, 2019 is \$ 199,634,199. This is an increase from the prior year.

The Single Audit, which encompasses both financial and compliance components, is required for entities that expend \$ 750,000 or more of federal assistance received for its operations. It provides assurance to the US Federal Government as to the management and use of such assistance. There were no Single Audit findings for the City's federal awards.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 12.4 million or 29.0% of total General Fund expenditures (excluding transfers to other funds). This represents 3.5 months of General Fund expenditures and complies with the City financial policy requiring a minimum unassigned fund balance of 17% and 2.0 months of the General Fund operating expenses.

Proposed Community Development Block Grant Action Plan Amendment for
Reallocation of FY20 CDBG Funds

Rodney Tissue, City Engineer, and Jonathan Kerns, Community Development Manager, were present to discuss an amendment to the Community Development Block Grant (CDBG) FY20 Action Plan. The amendment is required for recommended reallocation of available CDBG funding budgeted for current fiscal year projects that remain in the conceptual phase and/or current fiscal year projects that will not move forward. The proposed amendment will reallocate CDBG funding to three projects: Medal of Honor Triangle Improvements, City Park Upper Parking Lot Reconstruction, and Mitchell Avenue Underpass Improvements.

Due to CDBG regulatory requirements related to timely expenditure of CDBG funds, staff perform periodic reviews of the CDBG budget each fiscal year to determine if funding from existing CDBG activities would be reallocated. This often occurs when a CDBG project or activity has been underutilized, completed under budget, and/or delayed within the planning phase. If funds are available from such activities, CDBG regulations typically require an amendment to reallocate the remaining CDBG funds to different activities.

After a recent review of the CDBG budget, it is recommended that a total of \$ 300,000 in FY20 CDBG funding be reallocated to different CDBG projects. \$ 200,000 of CDBG funding is available from the Neighborhood Parks line item due to the proposed Splash Pad project timeline being shifted into the next fiscal year. \$ 100,000 of CDBG funding is available from the Public Facilities Loan line item as it is now projected that no eligible public facility loans will occur in the current fiscal year.

Mr. Tissue noted the Splash Pad project remains in the planning phase. The Hagerstown Housing Authority denied the City's request to locate the Splash Pad on their property. The other site that had been discussed is where the stadium is being considered. Staff will continue to look at other locations.

The recommended reallocation of \$ 300,000 of CDBG funds is as follows:

1. Reallocate \$ 125,000 of CDBG funding to an existing CDBG funded project – City Park upper lot reconstruction/accessibility improvements. This will result in a fully CDBG-funded project budget of \$ 250,000 to construct a 44-space paved, striped, landscaped and lit parking area. This reallocation will also allow \$ 125,000 of State Aid funding (originally allocated to the City Park Parking lot project) to be shifted to the Wesel Blvd expansion/widening project.
2. Reallocation \$ 150,000 of CDBG funding to a new CDBG funded project – Mitchell Avenue underpass signal and improvements. This will result in a total CDBG project budget of \$ 150,000 to install a traffic signal at each side of this railroad overpass to eliminate the need to “sound horn” when entering the overpass. The work would also include lighting upgrades and possible painting

the overpass walls. This improvement was requested by area residents during previous meetings of the West End Neighborhoods 1st group.

3. Reallocate an additional \$ 25,000 of CDBG funding to an existing CDBG funded project – Medal of Honor Triangle improvements. This will result in a total CDBG project budget of \$ 95,000 to relocate and upgrade plaques and signs, provide small seating bench, provide small plaza area, and update and improve the landscaping and add seasonal color.

All three of these projects are expected to break ground in spring or early summer of 2020.

It was the general consensus to reallocate the funds as recommended. Formal approval of the reallocation will be scheduled after the HUD requirements for a comment period are met.

Update and Next Steps for Vacant/Abandoned/Cyclical Tax Sale Properties Initiative

Jonathan Kerns, Community Development Manager, and City Attorney Jennifer Keefer, were present to provide an update on the proposed initiative to reduce the number of abandoned tax sale properties in the City of Hagerstown. This subject was initially discussed with the Mayor and City Council during a previous work session and was also discussed during multiple joint meetings with the Board of County Commissioners. Mr. Kerns clarified that the approximately 60 properties on a tax sale list are not all blighted. Half of those could be considered problem properties and the number changes in any given year. He pointed out the properties that have been the focus of the discussions have not been sold. None of the properties in the previous presentations were in foreclosure, which had been questioned.

The Mayor and City Council have directed City staff to move forward with officially creating a program to repurpose vacant and abandoned cyclical tax sale properties within the City of Hagerstown. City staff have worked with legal counsel on this initiative and per Ms. Keefer, two legislative actions will be required for implementation of a Tax Sale Property Repurpose Program:

1. Amendment to City Code – Adding a chapter in City Code to provide framework for the program
2. Adopting an Ordinance – Establishing detailed program policy and procedures

At this time, staff and legal counsel have two working draft documents that require Mayor and Council review and feedback. The first document is the City Code amendment language to create the program framework and the second document is the program policy/procedural details of program execution.

The currently active Dorchester County Tax Lien Property Repurpose Program was used as a model for creating these draft documents. A clear distinction with the proposed program for the City of Hagerstown is the process of seeking a new property owner or property end user prior to city acquisition of a subject delinquent tax sale property. Highlights of the proposed process include the following:

1. City staff will identify targeted cyclical tax sale property or properties that are vacant/abandoned and subject to multiple tax sales without transfer of ownership
2. City staff and legal counsel will work to ensure targeted properties are not in the process of a sale or foreclosure
3. Properties will be categorized as a buildable vacant lot, unbuildable vacant lot, lot with structure that requires demolition, or lot with structure that can be rehabilitated
4. Mayor and City Council will be consulted prior to end user selection process
5. City seeks adjacent property owners for unbuildable vacant lots
6. City seeks housing based non-profit organizations for buildable lots or lots with structures requiring rehabilitation or demolition
7. If no housing based non-profit organizations are identified, an RFP process will be utilized to seek developers for buildable lots or lots with structures requiring rehabilitation or demolition
8. After identifying an end user that is approved by the Mayor and City Council, the City forecloses on a subject property and takes the necessary steps to resell property to selected end user
9. If demolition is required, the City demolishes property immediately while under city ownership and then transfers ownership to selected end user
10. Delinquent City Tax amounts would likely need to be reduced or forgiven to make resale/reuse feasible and would be determined on a case-by-case basis
11. Washington County taxes to also be reduced or forgiven to assist with program feasibility
12. Previous property owner of record would remain liable for uncollected tax amounts and judgment is entered for any remaining delinquent taxes

After receiving Mayor and City Council feedback on the proposed code amendment language and the proposed policy/procedure language, all necessary documents will be finalized to introduce and approve required legislation during a January Special Session

and January Regular Session respectively. Once the legislation is finalized and approved by the Mayor and City Council, staff would begin program implementation after the legislation becomes effective.

As previously discussed, staff are recommending the program begin on a pilot basis. This would target a small number of vacant/abandoned cyclical tax properties with a high probability of successful resale and reuse.

Councilmember Keller asked if the County Commissioners are supportive of this program. Mr. Kerns indicated there has been no further discussion with the Commissioners since the last joint meeting. After the program is adopted, staff will approach the County.

Councilmember Aleshire noted he would support providing a portion of an unbuildable property to an adjacent property owner if it is required to be incorporated into the owner's property. It could not be a separate parcel. He asked if there is a specific reason a non-profit organization would be approached first about a property. Mr. Kerns noted this program is patterned after the one in Dorchester and that is the criteria they use.

Ms. Keefer noted there are specific criteria for obtaining these properties. If there is interest from multiple end users, there would be a 45-day application period. A "good standing" review would also be conducted for interested organizations.

Councilmember Aleshire would rather be able to reach out to someone they think is ready for the opportunity. If a property is a detriment to a neighborhood, he wants it addressed quickly.

Mr. Kerns stated the first step in the program criteria is identifying the properties that are causing the blight.

Mr. Nicewarner stated the number of five properties for a pilot program was chosen so that the community and staff will not be overwhelmed. The intent of this program is to get these properties back into a productive state.

Councilmember Heffernan asked if the previous owner is still liable for back taxes if taxes are forgiven for a new owner. Mr. Kerns indicated they are. This program is about taking the lien away from the property to make it more appealing for purchasers.

Councilmember Aleshire hopes there is a mechanism to reduce the taxes for voluntary giveaways of blighted properties. Mr. Nicewarner stated if someone gives the property to the City, a condition of waiving the lien is that they relinquish rights to the property.

Mr. Nicewarner thanked staff for all the work they've put into this proposal. He thinks this can be a very positive step in removing blighted properties.

It was the general consensus to schedule the required legislation as soon as possible.

CITY ADMINISTRATOR'S COMMENTS

Scott A. Nicewarner, City Administrator, thanked the Parks and Recreation staff for the work they've done at the parks in preparation for the holidays. The new light show at City Park is very popular.

MAYOR AND COUNCIL COMMENTS

Councilmember L. C. Metzner had no additional comments.

Councilmember A. Heffernan attended the Doleman Black Heritage Museum grand opening last weekend and is pleased there is a part of the collection on display. He is concerned about the lack of public restroom facilities downtown and that people are using inappropriate places as a restroom. He wondered if CDBG funding could be used to place a public restroom at the bus transfer station or on the ground floor of a vacant building.

Councilmember K. B. Aleshire agreed that public restrooms are needed downtown. He thinks the Mayor and City Council and staff can figure out a permanent solution to this issue. He doesn't want to see a portable restroom put up. He agrees that the light show at City Park is excellent.

Councilmember E. Keller had no additional comments.

Mayor R. E. Bruchey, II asked if the County office building has a public restroom like City Hall does. Mr. Nicewarner indicated they do not.

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 4:58 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: January 28, 2020