

WORK SESSION – April 17, 2012

Mayor R. E. Bruchey, II called this Joint Work Session of the Mayor and City Council to order at 3:13 p.m., Tuesday, April 17, 2012, in the Council Chamber at City Hall. Present with the Mayor were Councilmembers W. M. Breichner, M. E. Brubaker, F. W. Easton, A. C. Haywood, L. C. Metzner; City Administrator Bruce Zimmerman, Terry Baker, John Barr, Ruth Anne Callahan, Jeff Cline, William McKinley, County Administrator Greg Murray, County Clerk Vicki Lumm, Delegate Andrew Serafini, Delegate John Donoghue, Senator Christopher Shank and City Clerk D. K. Spickler.

A moment of silence was observed in memory of Mitch Akers, Hagerstown Suns employee, who passed away last week.

Mayor Bruchey clarified this meeting is an open session but no public comments will be heard. Citizen comments are included on the agenda for April 24, 2012.

Ripken Design Feasibility Study – Downtown Multi-Use Outdoor Sports and Events Center

A short video was shown highlighting State Comptroller Peter Franchot's visit to Hagerstown recently. Comptroller Franchot encouraged everyone to continue with the good investment that has started with the Multi-Use Center. He indicated there is support for the project at the State level.

Jill Estavillo, City Economic Development Manager, Dan Taylor, Ripken Design Project Manager, Jeff Eiseman, Ripken Design Vice President, Patrick Farno, Ripken Design Project Coordinator, Bruce Zimmerman, City Administrator, and Greg Murray, County Administrator, were present to provide information regarding the Ripken Design study.

Eric Krupka, South Atlantic League, and Bruce Quinn, Majority Owner of the Hagerstown Suns, were also present. Ms. Estavillo thanked the 20 committee members who have been working on this project. She encouraged interested citizens to visit the website: www.supporthagerstown.com for additional information.

There are several reasons for considering the feasibility of a Downtown Multi-Use Outdoor Sports and Events Center.

Downtown Revitalization: A multi-use center offers the community a significant downtown revitalization project, the opportunity to retain a long standing business that contributes to the local economy, and an entertainment venue to serve both local residents and visitors. As Ripken states on page 6 of their report: "No one investment can act as a panacea that will singlehandedly reduce downtown decline; however, the construction of a downtown multi-use center combined with the additional investment that such a project can spur will contribute significantly to a redevelopment strategy."

Business Retention: The Hagerstown Suns represent a long established local business that is important to retain in our community. Ripken reports on page 71 that the loss of

the Suns as a local business is projected to result in the loss of approximately 150 full time and seasonal jobs, the loss of \$ 140,024 in tax revenue, and the loss of \$ 539,478 in direct local spending by the team.

Minor League Baseball: The Suns provide an important entertainment venue for our community and serve over 100,000 baseball fans, families, and citizens each season. Minor League Baseball adds to the community's civic pride and quality of life, which are important attributes needed by the community to attract new business and jobs to the downtown, the City and Washington County. Hagerstown can proudly say that it is one of a select number of cities in America that is the home to a Minor League Baseball team. The Suns provide Hagerstown with a competitive advantage in business attraction, and they also help sell the City.

The six key findings of the report are as follows:

1. **New Revenues Generated by Project will Pay for Costs:** All three of Ripken's financial models show that the local debt service payment for the cost of the project can be funded by revenues generated from the project over the first ten years of operation. This means that according to Ripken's assumptions, the City and County could pay for the new multi-use center without raising taxes. The Least Projected Model shows a cash flow surplus beginning in Year 6 and a new cash flow of nearly \$ 900,000 after ten years. The Projected Model shows a cash flow surplus beginning in Year 4 and a net cash flow of approximately \$ 7.9 million after ten years. The Highest Projected Model shows a cash flow surplus beginning in Year 3 and a net cash flow of approximately \$ 16.9 million after 10 years.
2. **Market Analysis Supports Increased Attendance Projections:** Ripken's market analysis includes the finding that the Hagerstown Suns attendance capture rate is below average in comparison to comparable facilities. This is due largely to the poor conditions and limited amenities at Municipal Stadium. Additionally, Ripken's review of the buying power in our local market indicated there is sufficient disposable income to support the projected attendance.
3. **Project Will Result in a Positive Economic Impact for the Community:** Ten-year projections for the new multi-use center reflect a total direct, indirect, and induced economic impact of approximately \$ 44.5 million. The earnings impact for ten years is projected at approximately \$ 12.4 million with a jobs impact of 312.
4. **Taking No Action Creates a Harmful Threat to the Local Economy:** The report states that should no action be taken and the Suns leave, the loss to the local economy will be significant, and includes:
 - a. A loss of \$ 539,478.33 in Direct Local Spending
 - b. A loss of \$ 140,024.10 of Tax Revenue
 - c. A loss of approximately 150 Full-Time and Seasonal Jobs
5. **Project is Consistent with Existing Development Plans:** The plan for a Downtown Multi-Use Center is consistent with the City's existing development plans and clearly supports the 2001 Arts & Entertainment District Development Plan by LDR. In addition, the project is consistent

with the 2008 Hagerstown Comprehensive Plan and is specifically addressed in the 2012 Sustainable Communities Plan which has been approved by the State of Maryland.

6. Renovation of Municipal Stadium is Not a Feasible Option: Renovating the current stadium is not a feasible option due to the substantial costs to improve the facility to meet today's standards. Site constraints also limit the ability of this location to support a new or renovated stadium and to offer the team and visitors amenities of a state-of-the-art facility.

7.

The following are key assumptions that are made within the report:

1. Project Costs and Financing:
 - a. The cost of the Multi-Use Center and adjacent Parking Deck will total \$ 30 million
 - b. The project will be financed by a 20 year bond with an interest rate of 3.2%
 - c. The State of Maryland will cover 1/3 of the debt service and the City, County, Suns, and private sector will cover the remains 2/3.
2. Property Values: The growth in property values within ½ mile of the proposed location is a key assumption of the report. Ripken has used three different projection scenarios for property value growth attributable to the new multi-use center. All three scenarios assume natural growth in property values of 2% with 13% attributable growth in the Least Projected Mode, 18% in the Projected Model, and 23% in the Highest Projected Model. Additionally, the rate of growth is assumed to decline 1% per year, beginning in Year 4.
3. Attendance: Ripken developed three financial models based on attendance levels of Least Projected = 3,200 per game; Projected = 3,740; and Highest Projected = 4,250. This compares to fewer than 2,000 per game currently. Additionally the financial models assume a 5% increase in Year 2; a 5% decrease in Year 3, and a 10% decrease in Year 4 and stabilized for future years.

Mr. Taylor indicated there is a credible threat that the Suns may be forced to leave Hagerstown. During the Ripken Design group's first visit to the current stadium, the dugout was flooded. He stated the stadium is a wonderfully historic site but it has outlived its useful life from a professional baseball standpoint. More modern stadiums are more effective as gathering places.

Mr. Eiseman stated Municipal Stadium is one of the oldest stadiums in all of affiliated baseball. If a decision is not made to move forward it will be problematic.

The group considered if the Suns could get by at Municipal Stadium. The space at the site would not allow for expansion. There is no reasonable way to modify the existing infrastructure for an upgraded facility. The Nationals have not renewed their contract with the Hagerstown Suns due to the concerns about the stadium.

If the Suns leave Hagerstown, Mr. Taylor stated there would be a loss of \$ 540,000 in direct local spending, a decrease of \$ 140,000 in tax revenue and the loss of 150 full

time/seasonal jobs. Downtown stadiums typically increase attendance significantly in the first three years. The estimated increase for Hagerstown is 83%. A multi-use center is considered in many locations. One of the goals of a multi-use center in a downtown is to bring life to downtown after business hours.

A multi-use center would compliment the organizations that have located or expanded to downtown, i.e. District Court, University System of Maryland, Barbara Ingram School for the Arts and the Washington County Free Library. This will help create a vibrant downtown that connects students and people coming in to the City Center.

The Ripken Design group reviewed tax records in cities where stadiums were built in downtown to determine increased value when the new venue was completed.

The Debt Service Share is estimated at \$ 1,355,191. Revenue sources to cover the debt service include a \$ 300,000 annual payment from the Suns, \$1/ticket facility debt surcharge, parking revenue, event revenue, Admissions and Amusements Tax revenue, Hotel/Motel Tax Revenue, increased property values and other tax revenue. There is a positive net operating income which will help defray the debt service.

Mr. Zimmerman pointed out the debt service of \$ 1,355,191 is outside the State's assumed one third of the total cost. Mr. Taylor stated the new revenues to public entities over a 10 year period outweigh the remaining debt service. The project is a feasible project and the revenue is anticipated to be sufficient to offset the debt service over 10 years.

The project will create a downtown destination that is currently non-existent. It will create an entertainment destination and will keep people excited about Hagerstown.

Mr. Eiseman stated it will be a civic gathering place and will bring everyone together in one central place. It will create a healthy environment downtown and in the outlying areas.

Delegate Donoghue thanked everyone involved with the study for their efforts. He asked if any of the Ripken Design representatives were involved with the Aberdeen stadium. Mr. Eiseman was and said Aberdeen was like the little engine that could. The site was a cornfield and it now houses Class A office buildings as well as the stadium. The stadium at Aberdeen has become a landmark. He has experienced the positive impact baseball has on a community. He stated Hagerstown has the opportunity to create something wonderful.

Commissioner Callahan has many questions but wants to hear from the other members of the Delegation.

Commissioner McKinley finds the report encouraging. He encouraged the community to support the project and help make it happen.

Councilmember Brubaker stated the key is reinvestment around the stadium. It will be imperative to have the public sector help move the project forward. The lower the

debt service required, the easier it will be to move forward. He stated the group needs to have maximum assurance that the Suns or another national team of equal status will remain in Hagerstown. If the Suns leave, there has to be a change in the professional baseball proximity clause that would permit another team to locate in Hagerstown. He will be reviewing the financial information.

Commissioner Cline thanked the group for the detailed report that includes valuable information. It is important to provide this information to the public.

Councilmember Breichner stated this kind of report is needed to move the project forward. A key issue will be the financing of the project. The report should provide enough information to present to the Maryland Stadium Authority. Having the input from the County Commissioners is important to the project. The report provides the foundation to develop a financial package.

Councilmember Metzner stated he agrees it is important to provide the information to the citizens. He expects every civic group in the County will be seeing the information in the next several weeks. The Maryland Stadium Authority seems supportive of the project. He noted there are two choices when it comes to downtown renovations and development – either do nothing or do something. He prefers to do something.

Councilmember Haywood appreciates how the previous plans and assessments are tied with the current assessments. She can't think of a better investment than major economic development. She stated the Mayor and Council need to consider what is necessary to redevelop the current stadium as well. She is looking forward to discussing the operational investment and how to make it positive.

Commissioner Barr thanked everyone for the presentation. He asked if a parking deck is part of the plan. He also asked if the evaluation included traffic flow studies.

Mr. Eiseman stated games typically start at 7:00 p.m. The bank workers would be leaving at the same time game attendees would be coming in. In many communities, fans arrive at different times. Trolley systems can help alleviate traffic issues.

Councilmember Easton thanked the Ripken Group representatives for their work on the report. He asked if the Ripken Group has anything to gain through this study with their baseball connection.

Mr. Taylor stated the different operations of the Ripken Group are separate from each other.

Councilmember Easton asked if the \$ 30 million estimate includes purchasing any of the surrounding properties. Mr. Taylor indicated it does not. Councilmember Easton asked if the average household income of citizens and the poverty level of Hagerstown were considered. Mr. Taylor stated they looked at the immediate local market of those that may attend games within 15 to 20 miles. They found the community should be fully able to support a multi-use stadium.

Councilmember Easton asked for an explanation of direct revenue and indirect revenue. Mr. Taylor stated new money spent in the local economy for the first time is considered direct revenue. The things that are provided from that money have an induced economic impact, or indirect revenue.

Senator Shank thanked everyone for the useful information. He asked if other sites were considered. Mr. Taylor stated they were asked to include municipal stadium and this site in the review. Senator Shank asked if the funding model in other jurisdictions is what they anticipate using for Hagerstown. Mr. Taylor stated they used Maryland funding scenarios as the basis.

Delegate Serafini stated the delegation is not in opposition of the project, they are gathering facts. He asked if other jurisdictions have another minor league team within 30 miles or a professional team within 60 miles. Mr. Taylor stated the Hagerstown/Frederick proximity issue is a unique circumstance. They found there is not as much overlap as would be expected. The markets are functionally different. Mr. Eiseman pointed out within an hour's drive from Aberdeen there are three baseball teams, a football team and a hockey team. Every game has been sold out at Aberdeen.

Delegate Serafini questioned whether or not the \$ 50,000 annual investment would continue to be included in the budget for the existing facility. The Maryland Stadium Authority indicated the project would be funded with a 1/3 commitment from the State, 1/3 from the County/City and 1/3 from private investors. The model included in the report is different.

Mr. Taylor indicated the model uses the assumption that private investment would supplement the 2/3 investment from sources other than the State.

Commissioner Baker thanked everyone for the information provided. He stated, as an elected official, he has to listen to citizens. The investors have to be able to afford the project for the long term. If the County commits to the funding, they will be committed for 80 to 100 years. He expressed his concern for other costs associated with the project, such as road improvements. He mentioned Fenway Park will be 100 years old soon. He suggested that Municipal Stadium may not be worn out.

Mr. Eiseman pointed out the renovations at Fenway Park are part of a unique situation. The owners group made efforts to save the stadium over the years.

Mayor Bruchey thanked everyone for the presentation. He stated this sets the direction to get City and County staff together during the next two weeks to discuss possibilities for funding. He suggested that the Mayor and City Council and the County Commissioners meet again on May 1, 2012 to discuss funding possibilities. The City's engineering department is working on a traffic study for this area.

Mayor Bruchey asked Eric Krupa, President of the South Atlantic League, if the City of Hagerstown can be assured of having the same class or higher baseball team in the future.

Mr. Krupa, stated there is typically a clause in a lease that defines the commitment.

Mayor Bruchey stated the next joint meeting will be on May 1, 2012 at 4:00 p.m. The group will discuss how to fund a project of this magnitude. If the funding plan is feasible, he would expect a decision would be made at that time on whether or not to move forward with the project.

A break was taken. The meeting started again at 5:08 p.m.

Preliminary Agenda Review

The Budget Public Hearing is scheduled to be held on May 15, 2012. A Joint Work Session with the County Commissioners will be held on May 1, 2012.

Consent Agenda

A. Department of Community and Economic Development:

1. Application Permit for Blues Prelude – May 31, 2012, Maryland Theatre at University Plaza,
2. Application Permit for Blues Fest – June 1, 2012 and June 2, 2012, Maryland Theatre at Central Parking Lot
3. Application Permit for Blues Fest – June 1, 2012 and June 2, 2012 – M & T Bank at VIP Area

B. Department of Utilities:

Water:

1. SCADA Annual Renewal for Treatment Plants – ABB, Inc. (Wickliffe, OH) \$ 27,084.00

C. Public Works:

1. ½ Ton Pickup Truck (Unit #33)– Apple Ford (Columbia, MD) \$19,682.00
2. 1 Ton Pickup Truck (Unit #30)– Apple Ford (Columbia, MD) \$ 22,980.00

Councilmember Breichner asked if these purchases are sole source vendors. Eric Deike, Public Works Manager, indicated both vehicles are part of the State of Maryland bid. Councilmember Breichner wondered if a better price could be obtained from local dealers. Mr. Deike will contact local dealers prior to next week's meeting.

D. Department of Parks and Engineering

1. Paving and Improving Multi-Use Paths in Hellane Park – Craig Paving, Inc. (Hagerstown, MD) \$34,760.00
2. Design of Restoration of Hamilton Run Stream and Pangborn Park Lake – Brudis & Associates, Inc. (Columbia, MD) \$ 62,000.00

Approval of a Resolution: Secondary User Agreement for Hagerstown Fire Department

As part of the ongoing operations of the Fire Marshal Division of the Hagerstown Fire Department, it is necessary to access criminal history record information and motor vehicle information. Agreements with the Department of Public Safety and Correctional Services of the State of Maryland are required to implement the authorization for the access. The agreements were presented to the Mayor and City Council for their review. City Attorney Mark Boyer reviewed the agreements and noted they should be approved by the Mayor and Council.

It was the general consensus of the Mayor and City Council to include approval of the resolution on the agenda for March 27, 2012.

Approval of a Resolution: Safe Haven Memorandum of Understanding

State law allows new mothers to drop off unwanted children, within the specified age range of 10 days, at certain types of facilities without criminal penalties. These specified facilities include Police Stations.

City Attorney Mark Boyer has reviewed a proposed Memorandum of Understanding for the Hagerstown Police Department to be a qualified service organization with the Maryland Safe Haven Program.

Approval of a Resolution: Korean War Monument Agreement

Rodney Tissue, City Engineer, and Charles Mobley, Jr. and James Ensminger, Commander, of the Korean War Veterans Association Antietam Chapter #312, were present to provide an update of the Korean War Monument. The Korean War Veterans Association Antietam Chapter #312 (KWVA) presented a draft agreement for the Mayor and City Council's review. The proposed agreement requests the following of the City:

1. Build sidewalks that lead into memorial
2. Maintain the lighting
3. Pay ongoing water (irrigation) and electric (lighting) bills
4. Maintain the landscape
5. ½ mast flags when necessary.

These costs would have to be included in the Department of Public Works budget starting in FY 13/14. Staff believes the agreement is acceptable and recommends approval.

Mr. Mobley stated they understand \$ 40,000 is included in the State of Maryland Capital Budget.

Mr. Tissue indicated the City is building the paths and the KWVA is constructing the monument. The monument will be the property of the City at a future time.

Councilmember Easton suggested waiving permit fees for the construction of the monument. Mr. Tissue stated the fees would be waived since the project is sponsored by the City of Hagerstown.

Approval of Rain Insurance for 2012 Western Maryland Blues Fest

Karen Giffin, Community Affairs Manager, was present to discuss rain insurance. As in previous years, the Executive Committee of the Western Maryland Blues Fest would like authorization from the Mayor and City Council to purchase rain insurance for Friday, June 1, 2012 and Saturday, June 2, 2012 (the revenue days). If used, a portion of the insurance proceeds would be provided to The Maryland Theatre for their risk of the beer and wine sales.

The executive committee reviewed many options and recommended a policy for \$ 20,000 on June 1, 2012 and a policy for \$ 60,000 on June 2, 2012. The total cost of the insurance would be \$ 9,200 and would come from the Blues Fest Public Functions Budget.

Approval of Street Closure Request and Open Container Exemption for Wind Down Fridays

Karen Giffin, Community Affairs Manager, was present to discuss a request from the Maryland Theatre. The Maryland Theatre is requesting the closure of the first block of South Potomac Street for the Wind Down Friday Music Program. The 2012 dates are: June 8, June 15, June 29, July 6, July 13, July 20, July 27, August 3, August 10, August 17, August 24, August 31, September 7, September 14, September 21 and September 28. The closure would be from 5:30 p.m. to 11:00 p.m.

The City would utilize Auxiliary Police for the street closure and the setting of the barricades. There would be no cost for City services. An application/permit would be required for the Maryland Theatre to sell alcoholic beverages. The City would have to exempt this event from the Open Containers Law.

The Maryland Theatre is again requesting permission for staff to create a show on Channel Six to promote the Wind Down Friday Events.

This completed the preliminary agenda review.

CITY ADMINISTRATOR'S COMMENTS

Bruce Zimmerman, City Administrator, reported Shepherd University art students will be showing their work in downtown Hagerstown on Saturday, April 21, 2012. They will be located at various locations throughout the downtown. On April 28, 2012, the first Faire Off the Square will be held. Artisans and food vendors will be offering their products downtown. This event will be held monthly, on the last Saturday of the month, through October.

MAYOR AND COUNCIL COMMENTS

Councilmember F. W. Easton asked for an update of the recycling bin delivery. Mr. Tissue indicated 60% of the totes have been delivered and will be completed ahead of schedule.

Councilmember A. C. Haywood thanked all citizens who came to this meeting to show support for the stadium project. She thanked the State Delegation members for attending also.

Councilmember L. C. Metzner thanked everyone who attended the meeting.

Councilmember W. M. Breichner stated he is concerned about bicyclist safety. He has received calls from residents who are also concerned. Mr. Zimmerman will discuss the issue with Chief Arthur Smith for ideas on increasing safety.

Councilmember M. E. Brubaker thanked everyone who attended the meeting. He assured the group that the information will be reviewed closely.

Mayor R. E. Bruchey, II thanked the Ripken group. He thanked the citizens who were in attendance showing their support for the project. He expressed condolences to the family of Mitchell Akers and to the family of Zachary Hartman. Both these young men passed away last week. He mentioned that the speed cameras are now in full operation. The 30 day warning period is complete and tickets are being issued.

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 5:23 p.m.

Respectfully submitted,



Donna K. Spickler, City Clerk

Approved: May 22, 2012