

EXECUTIVE SESSION AND WORK SESSION – JANUARY 12, 2021

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On a motion duly made by Councilmember S. McIntire and seconded by Councilmember R. E. Bruchey, II, the Mayor and City Council unanimously agreed by voice vote to meet in closed session to consult with counsel to obtain legal advice, #7 (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, January 12, 2021 at 2:31 p.m. in the Council Chamber, 2nd floor, City Hall, Hagerstown, Maryland.

The following people were in attendance: Mayor E. Keller, Councilmember K. B. Aleshire, Councilmember R. E. Bruchey, II, Councilmember T. Burnett, Councilmember T. Martinez, Councilmember S. McIntire, City Administrator Scott Nicewarner, City Attorney Jennifer Keefer, City Attorney Jason Morton, Michelle Hepburn, Director of Finance, Nancy Hausrath, Director of Utilities, Nathan Fridinger, Electric Operations Manager, Doug Reaser, Business Development Specialist, Jill Thompson, Director of Community and Economic Development, Kaitlin Bell (remotely), Economic Development Specialist, Kathleen Maher, Director of Planning and Code Administration, Paul Fulk, Neighborhood Services Manager, and Donna K. Spickler, City Clerk.

The meeting was held to discuss specific terms of an agreement and proposals for five separate businesses. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:45 p.m.

WORK SESSION – January 12, 2021

Mayor E. Keller called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, January 12, 2021 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, R. E. Bruchey, II, T. Burnett, T. Martinez, and S. McIntire, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler.

COVID Update

Scott Nicewarner, City Administrator, reported the positivity rate for COVID-19 in Washington County is still high, at over 16%. There are currently 75 people in the hospital. Because of the elevated numbers, the lobby at City Hall will be closed to customers through January. This will be evaluated in the next few weeks. He addressed concerns that people have expressed about first floor staff not wearing masks. Customer Service staff are on-site answering phones and assisting customers. They are separated by a wall and plexiglass barrier. When they are on the phone, it is difficult to be understood while wearing a mask. When they leave their stations, they do wear masks. There have not been any outbreaks of COVID-19 from employee to employee. He

reported about half of public safety staff have received vaccines. The City is not requiring employees to receive the vaccination. The concerns about safety of the vaccine are understood and that is why the vaccine is not mandatory. Employees will continue to wear masks and social distance. He is hopeful municipal government employees will be included in the Governor's vaccination pyramid under Phase 1b as "continuity of government" workers. Don Francis, Director of Human Resources, is the City's main contact for vaccine information. He thanked staff for the 10-11 months everyone has been dealing with the pandemic. The regulations and restrictions have not been fun or comfortable and have required modifications. Everyone has dealt well with the changes. Because of the due diligence of staff to keep moving forward, the City has been able to continue to provide services at a high level.

Budget Update

Michelle Hepburn, Director of Finance, was present to provide a budget update. She reminded everyone that Customer Service staff is available and can be reached by phone or email. Payment reminders and notices have been delivered to customers with arrears on their bills. There is a significant delay with mail delivery – both to the City and from the City. Late fees will be waived due to the delay.

Since the last discussion regarding the FY21 budget, here has been a change in projections to include one-time CARES reimbursement dollars received from the County. The other annual revenue trends as estimated in July continue as expected. The biggest unknowns at this time are the overall impacts on the real estate tax market and pending State Legislation on the City's portion of State Income Tax dollars in FY22. A portion of this pending legislation includes waiving tax on unemployment benefits and provides additional time for businesses to file their annual reports. It is anticipated there will be a reduction in Highway User Revenue of \$ 1,500,000.

As a reminder, the FY21 adopted budget was prepared and balanced prior to the start of the COVID pandemic. As previously discussed, the adoption of the FY21 budget did not mean business as usual for city staff and departments. City department leaders in conjunction with the City Administrator continue to evaluate priority items and projects before moving forward. This simply means that in the majority of departments across the City there should be initial budget savings in expenses to help offset a small portion of the projected deficit. To date, the City has not implemented any staffing reductions or furloughs while continuing to provide salary enhancements and raises an individual's anniversary/hire date. On average across the City, these salary enhancements will average approximately 3% and will depend on the salary table increments as approved and included in collective bargaining agreements and the tenure of employment.

At the end of December, the City received \$ 1,650,000 CARES Act funding from Washington County. This included \$ 102,000 for reimbursement of expenses associated with the Emergency Operation Center. Given the one-time CARES reimbursement dollars received from the County in FY21, Ms. Hepburn recommend that these dollars

offset annual revenue deficits and allow departments to spend up to the amounts as approved in applicable operating and capital budgets.

Since the last overall revenue estimates were discussed, there continues to be increasing speculation regarding the stability of the tax base and the impact that will result from appeals, closures, and new triennial assessments during this pandemic. While initial billing of real estate taxes was slightly below FY21 budget levels, greater reductions are now anticipated in the Winter and Spring.

It was the general consensus of the Mayor and Council to move forward with staff's recommendation of allowing departments to utilize the funds in the approved budget.

Expansion of Heritage Area Boundary

Kathleen Maher, Director of Planning and Code Administration, and Stephen Bockmiller, Zoning Administrator, were present to discuss a proposed exemption to the Heart of the Civil War Heritage Area (HCWHA).

Most of the City of Hagerstown is in the Heart of the Civil War Heritage Area (HCWHA). Annexations in the past 15 years occurred after the boundaries were set. The Maryland Heritage Areas Authority (MHAA) has grants available for heritage and tourism-support projects in heritage areas for non-capital projects (brochures, plaques, studies, etc.) and capital grants (property acquisition, building renovation, etc.) that are consistent with the recommendations of the City's areas management plan. The City has received numerous grants over the years for interpretive projects and capital projects mostly around the downtown area. Several examples are the 50 or so interpretive plaques in the downtown and surrounding neighborhoods, the sidewalk widening project on North and South Potomac Street, and interpretive plaques at the Cultural Arts Trail and the Hager House. The Washington County Historical Trust would like to apply for a heritage grant to help with their restoration of the Saylor House in Kiwanis Park. Being a part of the Light Business Park annexation, that property is located outside the Heart of the Civil War Heritage Area boundaries.

Staff recommend proposing to the State an expansion to the HCWHA boundaries around the City to include not only the Light Business Park, but also three other annexed areas which include historic resources. In order for projects in the expanded area to be eligible for grants in 2021, the expansion request must be approved at early 2021 Board meetings of the HCWHA and the MHAA. The City's application for expansion must include a letter of request from the Mayor and City Council.

Councilmember McIntire noted the City has received more grant funding from the HCWHA than any other Washington County municipality. She would like to discuss providing a contribution to the group.

Mr. Bockmiller stated the City provided a donation a few years ago when the HCWHA was going through a difficult time. This group operates on donations. The City of Hagerstown has received more grants than any other municipality in a three county area.

It was the general consensus to submit a letter requesting the boundary be expanded as proposed. Formal approval of the request is included on the January 26, 2021 Regular Session agenda.

Future of Municipal Stadium

Rodney Tissue, City Engineer, and Mark Haddock, Parks and Recreation Manager, were present to provide information regarding Municipal Stadium.

The professional baseball agreement between Major League Baseball (MLB) and the minor league teams expired at the end of the 2020 season. With that, MLB eliminated 42 minor league affiliates; unfortunately this included the Hagerstown Suns. The idea behind this contraction is to take minor league franchise whose facilities and financial production may not be up to standard and eliminate those leaving only the better money-making teams. This will help the bottom line of MLB.

The contraction is a financial win for MLB but many of the communities impacted will suffer long term negative consequences. For Hagerstown, the only good news is there is no bonded debt for projects at the stadium and there weren't any significant improvements paid for with City funds at the stadium for nearly 20 years.

The Suns vacated the stadium on December 31, 2020. The City now assumes annual "carrying costs" of somewhere between \$ 20,000 and \$ 30,000 for mowing, minimal maintenance, and minimal utility fees. In addition, the facility is showing its age with significant additional maintenance needed including: repair/repaint the perimeter wall, replace roofs, replace HVAC systems, and of course address the chronic drainage problems.

The City must now decide the future of the facility.

This is an initial discussion to begin the process to determine the future of the facility; no final decisions are possible at this time. However, Council's feedback will be helpful to guide staff when they receive inquiries from outside groups who have some interest in using the facility in various ways.

To start the discussion, staff suggests Council's consideration of the various possibilities listed below and advise staff if these are ideas to accept or pursue further. Staff would stive to have any rentals be cost-neutral or better. One thing to keep in mind is the uses have to be compatible with other. For example, you can't have a pristine field and then trample it with trucks and people at a non-baseball event:

1. Short Term (2021)

- a. Event rentals: Staff are beginning to receive requests to use the stadium for music concerts, festivals and other special events. The stadium is unique in that it offers a self-contained facility where alcohol could be served. Staff would recommend that these events be 100% self-operating with little or no assistance from City staff to operate the event. Given the condition of the concession areas, staff would suggest the use of food and beverage trucks. The bathrooms could be used and cleaning fees would be part of the rental charge. Staff will need to develop a rate schedule and guidelines for potential renters.
- b. Local amateur baseball: Local high school and college baseball teams and private tournaments will want to use the stadium because it is the only local, full size baseball field with lights. Its noteworthy that it costs at least \$ 250/per event to operate the field lights. Staff does not have the resources to maintain the field like it was for minor league baseball so as of now they plan to mow the grass higher and not maintain the “skinned” infield. Users would have to recognize this or do at least some of the maintenance themselves. Staff will need to develop a rate schedule and guidelines for potential users.
- c. Offices/storage: The clubhouse offices are vacant and available. There are outside areas (outside the field area) in the stadium that the City could securely store items.

2. Long Term (2022 and beyond)

- a. Unaffiliated professional baseball: While affiliated minor league baseball is no longer an option, independent league baseball has flourished in some communities and they are not subject to the territorial limitations imposed on affiliated minor-league teams. Leagues such as the Frontier League or Atlantic League may have interest in Hagerstown. A consideration of any long term use of the facility is the growing list of deferred maintenance at the facility.
- b. Demolition: To eliminate the carrying costs and future maintenance costs, demolition is always an option. Much of the facility is aged and in need of modernization. Demolition would prepare the site for other future re-development uses. Given the recent favorable market for the value of the salvaged building materials, staff received a budget estimate from a demolition contractor of \$ 105,000 to remove everything above the ground level.
- c. Indoor turf facility: The City could re-visit the concept of a public/private partnership for removing the existing stadium and constructing an indoor turf facility much like the Frederick Indoor Sports Center in Frederick. The extensive Victus Advisors study from 2018 showed there is a significant demand for indoor sports, for which many people travel out of the community to use facilities because there are limited, local venues.

- d. Amphitheater: Finally, the concept of an outdoor amphitheater has been discussed and one could potentially be constructed here if the stadium was removed.

Mr. Nicewarner stated the City has been contacted by two professional leagues interested in Hagerstown. The interest is not just for a new stadium but re-use of the current stadium. Due to COVID-19, sports are moving toward more standing room and green space. City staff are waiting for the Maryland Stadium Authority to complete the draft design and conceptual plan. He anticipates the plan to be provided in February. Hagerstown is a desirable place for both baseball and soccer. The leagues that have contacted the City are looking to get into markets where they don't have a presence. Travel to and from Hagerstown is convenient for travel team.

Councilmember McIntire wants to see the results of the community survey before making any decisions about the stadium. The Mayor and City Council need to know what their constituents want. She would support alternative uses of the stadium for this year.

Councilmember Aleshire pointed out there are multiple venues for where events and concerts can be held. The parking lot at Fairgrounds Park is very large. These venue locations already exist. What doesn't exist is the competitive and inexpensive cost to use them. The cost for a successful event is \$ 5,000 to \$ 10,000. A fairly inexpensive venue could be created at the back of City Park. At the end of the day, event costs at the stadium would not be nominal for the City. There are cleaning fees, concessions, egress and ingress, impact on the field, etc. With the possible uses listed, all he sees are costs to the City to manage and maintain the facility. He does not want a re-use to be a temporary thing. He doesn't want any use of the stadium to imply that it might be saved. What this community needs is an indoor turf facility that the City owns and is located within the City limits. Thousands of kids and adults travel out of the community on multiple weekends to participate in travel team tournaments. These kids and adults visit restaurants and shop in the communities they travel to. A building to house an indoor facility would cost \$ 1 million to \$ 2 million. Revenue would be more than \$ 1 million because of the continuous use. It doesn't make sense to him to go in any other direction because the need for an indoor facility has been shown. He agrees it is good to hear from citizens but he doesn't want to do what is convenient at the moment and have to regroup later. An indoor facility will happen in the foreseeable future. He thinks this is a critical need.

Mr. Nicewarner noted there has been significant interest expressed in use of the stadium for baseball games from schools and other groups. If this is the site being considered for an indoor facility, a Request for Proposals (RFP) could be released to see what interest there is in operating a facility.

Councilmember Bruchey agrees that the Mayor and City Council should see what citizens want. He would not rule out having some unaffiliated team use the stadium until

the City could gauge the interest in an indoor turf facility. He hasn't said no to an indoor turf facility but he doesn't want to say no to others who have contacted the City.

Mayor Keller stated she does not want to allow smaller events that would eventually cost the City money.

Councilmember Aleshire does not want to give an impression to an entity that the stadium could be a permanent home.

Councilmember McIntire reminded the group they committed to sending out the survey and listening to what citizens want before moving forward.

Mayor Keller indicated the community surveys will be mailed on January 13, 2021.

Councilmember McIntire recommended holding smaller events at the stadium that will have no cost for the City. She believes an indoor turf facility would be a benefit to the community.

Councilmember Aleshire is not sure there would be no costs. Mr. Nicewarner pointed out there are costs to maintain the stadium, whether someone is there or not. Councilmember Aleshire stated there would be no costs if it was demolished.

Mr. Nicewarner stated that is true. Staff is seeking direction from the Mayor and City Council about whether or no to let local teams use the stadium, with minimal costs.

Councilmember Bruchey pointed out the area inside the stadium is well contained and secured.

Councilmember Burnett would support events in the short term but making any long term commitment is out of the question for her until the community survey is completed.

Councilmember Martinez agrees the Mayor and City Council should wait for the results of the survey but she believes an indoor turf facility is worth looking into.

Councilmember McIntire supports issuing an RFP and allowing local teams to use the stadium in the interim while waiting for a discussion of the survey results.

Councilmember Aleshire would like information on the costs for the facility in Frederick. Mr. Tissue clarified the RFP would be for a facility similar to the one in Frederick. Councilmember Aleshire indicated that is what he is interested in.

Councilmember Bruchey is not opposed to the City building a shell for that type of facility and then a new group could expand from there.

Councilmember Burnett noted the Frederick facility has a lot of sponsors. It would be great to bring that business to Hagerstown.

Mr. Tissue clarified the consensus of the Mayor and City Council is to issue an RFP for an indoor turf facility and to keep the stadium operational for local organizations. It is also the consensus that the local organizations (high schools, Hagerstown Community College, small events) would pay rent for the use of the stadium so there would be no cost to the City. This is correct.

Recreation Update

Amy Riley, Recreation Coordinator, was present to provide an update on the City's recreation programs.

The 2021 Hub City 100 Miler begins on January 15, 2021. Now more than ever, people need to keep moving in the new year. Registration is open for the 8th annual Hub City Miler Challenge! This 100-day program begins January 15, 2021 and encourages participants to get active by setting a goal of one mile a day for 100 days. Daily mile(s) can be achieved by walking, running or moving each day for 20 minutes. The Hub City 100 Miler was created in 2014 to improve the health of the community when Hagerstown was ranked by the CDC as the "5th most obese metro area in the country."

In light of the continuing challenges of the pandemic, staff is evaluating and developing the spring/summer programming. Their goal is to continue offering safe and quality programs virtually, in the Fit Room and in the parks following CDC guidelines, and expanding programs at the City Park Train Hub, Hager House, Golf Course and swimming pool facilities. As far as planning spring and summer events, staff will be expanding the City Park Outdoor Movie and Concert Series. A virtual walk with the Mayor will be held at Fairgrounds Park.

Staff is in the very beginning stages to develop ideas in celebration of the 100th Anniversary of City Park in 2021. Celebration ideas include expanding movies and concerts in the park, history walking tour of City Park, a monthly video series (April – October) spotlighting the history of the park, places of interest, and museums. Staff will be reaching out to their museum partners and community groups who frequently use City Park, like the Municipal Band, to be a part of the activities. The Mayor pitched the idea of a boat program on the lake, similar to what Frederick did with anchoring boats on Carroll Creek, that staff will be exploring the possibility of. In August, the grand celebration will include the first ever fireworks show on City Park lake.

Councilmembers McIntire likes all the ideas for the 100th anniversary of City Park.

Councilmember Burnett is looking forward to spending time with her daughter at City Park and celebrating its anniversary.

Councilmember Martinez likes the idea of including other users of the park, for example the Museum of Fine Arts and the Mansion House, in the celebration.

Hager House Visitors' Center

Rodney Tissue, City Engineer, and David Guiney, Interpretive Direction LLC, were present to discuss a restoration project at the Hager House Visitors' Center. Mr. Tissue noted Mr. Guiney, who is a Hagerstown native, has completed some impressive displays with the National Park Service.

As part of the restoration project for the Hager House in the early 1960's, the adjacent building was constructed to house the site's artifacts. The layout of artifact displays was likely designed by Mary Vernon Mish who spear-headed the restoration efforts.

Little has changed in the museum in the last 60 years and the static displays of artifacts are generally uninspiring for today's visitor. Therefore, in late 2018, staff began the process to imagine a remodeled facility to improve the displays and create a "visitors' center" where patrons would go first to learn about Jonathan Hager and history of the site before touring the actual house. Staff engaged David Guiney of Interpretive Direction LLC, a local expert in the development of visitor experience and interpretive multimedia-oriented, and family-friendly exhibits that draw more visitors, to create an interpretive space that the community can be proud of.

Mr. Guiney reported sites are trying to figure out what to display and when. They consider whether the best visitor experience is standing and reading signs. There will still be historic objects and a tour. A virtual tour will also be included. Reflections on the current displays make them difficult to see. Drawings and paintings could be used to show what life was like at that time. Highlighted items, such as Little Heiskel, will be displayed first.

It is rare for a City the size of Hagerstown to still have its founder's home, especially in public ownership and in a well restored and well maintained condition.

It is estimated the complete renovation of the space with museum-quality displays will be \$ 300,000 plus \$ 50,000 for design. If Mr. Guiney's Exhibit Plan is accepted as the overall master redevelopment plan for the space, staff feels the work could be completed in two phases as follows:

1. Phase I (2022): demolition of existing displays and surfaces. Install new lighting, flooring, wall and ceiling finishes. Create Exhibits # 1, 2, 5, 6, 7, house model and 10. Estimated cost is \$ 200,000 for fabrication, production and installation of exhibits and related work plus \$ 6,000 for design. In-kind City staff labor would be historical research and general contracting.

2. Phase II (2023): Completion of Exhibits # 3, 4, 8, and 9. Estimated cost is \$ 100,000 for fabrication, production and installing of exhibits and \$ 20,000 for design work. In-kind City staff labor would be historical research.

For Phase I, staff proposes to apply for a Maryland Heritage Area authority capital grant for \$ 100,000 (the maximum request allowed). These grants have a 1:1 match. The grant's "intent to apply" is due at the end of January. In addition, the Convention and Visitors Bureau will contribute and will take the lead in seeking hotel tax grant funds. Staff will also seek out other sources of funds such as the local Foundations. Undoubtedly though, City funds will also be needed.

Staff would return at a later date to update Council on the fundraising and to obtain permission to move forward with the work which they hope will start in calendar year 2022.

It was the general consensus to move forward with this plan.

Future Options for the BuroBox Program at 60 W. Washington Street

Jill Thompson, Director of Community and Economic Development, and Kaitlin Bell, Economic Development Specialist (remotely) were present to discuss future options for the BuroBox Program.

The City's Department of Community and Economic Development (DCED) operates and manages the BuroBox located at 60 W. Washington Street. It is an entrepreneur resource center with two separate membership options: \$ 50/month for co-working space and \$ 100/month for a private office. The facility includes two private offices, a partner room, a shared conference room, a large co-working space, kitchen area, free internet, and access to a copier/printer/scanner. The BuroBox program is currently limited to entrepreneurs/start-up businesses only.

In September, 2020, the Mayor and City Council reviewed city-owned properties, including 60 W. Washington, and consideration of selling through the Competitive Negotiated Sale (CNS) process or maintaining ownership. The Mayor and City Council desired continued ownership of 60 W. Washington Street. With continued ownership of the building, staff would like to explore ideas and options for expansion of the program.

An expanded program may include:

1. Modifying the BuroBox Program to create a full telework center
2. Opening the membership widely to anyone needing telework space or co-work space
3. No longer limiting membership to entrepreneurs/start-up businesses only

Options for implementation of a possible expanded program include the following:

1. Implementing as a program of DCED using department staff. This would require additional staffing and budget resources. A new software system would be required to manage daily/monthly/yearly membership/reservation billing and key fob access allowing secure entry into the building. Additional requirements will include an updated building security system, updated scheduling system, a print/copy/scan management system, updated sanitizing stations, and updated COVID friendly distanced work stations.
2. Seeking a private operator of a telework center through a Request for Proposal process. This would enable interested parties to own and operate the BuroBox separate from the City and through a partnership or contract arrangement.

Councilmember McIntire does not think the City should be in the business of running the BuroBox and she recommends Option 2, seeking a private operator.

Mr. Nicewarner noted there had been a telework center located at the Elizabeth Hager Center in the space currently occupied by DCED. That center was federally funded.

Councilmember Aleshire asked if there is a reason to keep the building if the City relinquishes the ability to direct activity at the BuroBox, other than the aesthetics it provides to University Plaza and USMH.

Ms. Thompson and Michelle Hepburn, Director of Finance, stated if the building is sold, the City may be required to repay the grant funding used to purchase the building.

Councilmember Aleshire asked how many people would be displaced if the building is sold. Ms. Bell indicated there are currently six users. Each user is billed but some do not pay. When this happens, they are deleted as a member.

Councilmember McIntire noted this cost is comparable to other facilities in the area. There is a need for this type of facility in Hagerstown. She does not think City staff should be required to operate this facility.

Mr. Nicewarner stated economic development activity is robust right now and all Economic Development staff are needed for this activity.

Councilmember Aleshire does not want to allow someone to sublease the space and make money on it.

Mr. Nicewarner pointed out there are many people who work out of the area who would like to have a space in Hagerstown for a few days per work to work remotely.

Councilmember Martinez suggested partnering with Hagerstown Community College when they open their entrepreneur program in May. Mr. Nicewarner indicated the BuroBox use is flexible enough to do this.

Ms. Thompson stated one objective of the BuroBox is to increase foot traffic downtown and potentially grow into a feeder for office space downtown. Moving to a contract arrangement for operations would be beneficial, especially with how busy their office is with economic development activities.

It was the general consensus to authorize a Request for Proposal for a private operator of a telework center at the BuroBox.

Final Development Plan Approval – Sale of 170 West Washington Street Property

Jonathan Kerns, Community Development Manager (remotely) and Pat Grace, 170 West Washington Partners LLC (remotely), were present to discuss the final development plan for the sale of the 170 West Washington Street property. Approval of the plan is required in order to continue the sale process for disposition of the property. Settlement for the property sale is tentatively scheduled for late January, pending Mayor and City Council approval of the final development plan.

In November of 2020, the Mayor and City Council approved an ordinance authorizing the sale of City-owned property located at 170 West Washington Street and the purchase agreement documents are now executed. The purchase agreement requires the buyer, 170 West Washington Partners LLC, to submit a final development plan for Mayor and City Council review and approval. Per the purchase agreement requirements, 170 West Washington Partners LLC submitted a final development plan to City staff prior to the December 31, 2020 deadline.

The 170 West Washington Partners LLC development plan was reviewed by the cross-department Staff Review Committee lead by DCED. As noted during staff committee review, the concepts shown in the development plan for 170 West Washington Street represent a major redevelopment project with numerous aspects that will positively impact Downtown Hagerstown. The proposed plans for the property will provide an opportunity to expand USMH student housing opportunities, attract more businesses and increase foot traffic in the Downtown. The proposed renovations of the existing three-story building would significantly enhance the property's assessed value and would revitalize a long-term vacant property that sits in a highly visible location along the western gateway to Downtown.

Highlights of the Development Plan proposed by 170 West Washington Partners LLC include the following:

1. Projected total investment of approximately \$ 1.1 million
2. 170 West Washington Partners LLC seeking USMH student tenants for nine fully renovated, one-bedroom residential units (Student Housing Proposal has been submitted by 170 West Washington Partners LLC for current Student Housing RFP)

3. Commercial initially as shell space to seek future commercial tenant
4. Off-street, paved parking area on rear section of property to be made available for tenants
5. Permit application and plan review to begin prior to settlement – project likely to break ground immediately after settlement with targeted completion date landing in August or September of 2021

Mr. Grace stated he has been in real estate for a little over 20 years. He has started to focus on restoration of historic property. To complete the projects, he often utilizes federal and state credits. Sometimes there are local credits. He has completed nearly 100 projects and has three or four active projects per year. He is excited to get started with the restoration of 170 W. Washington Street.

It was the general consensus to schedule approval of the plan during a Special Session on January 19, 2021.

Catalyst Project #3 – Recommendation on Developer/Partner for USMH Student Housing Project

Jonathan Kerns, Community Development Manager (remotely), and Mark Halsey, University System of Maryland (remotely), were present to provide an update and recommendation for a developer(s)/private sector partner(s) for the next Student Housing Project.

Additionally, staff seek authorization to finalize negotiations with the recommended developer(s)/private sector partner(s). The goal is to return to the Mayor and City Council in March for review and approval of the Student Housing Development Agreement(s). The draft agreement(s) would be modeled after the previous Development Agreements for the first two model Student Housing projects (102 N. Potomac Street and 140 West Antietam Street) Unlike the first two project agreements, the new agreement would likely be void of a rent guarantee.

The goal of the Community's City Center Plan Catalyst Project #3 – USMH Expansion Support is to support the growth of USMH from 500 to 750 students, and to support the addition of facilities for new educational programs including physician assistant, culinary arts, tourism, and hospitality. Over a 10 year period, it is envisioned that student housing opportunities will be captured downtown through three renovation projects creating a total of 12 units to house 24 students.

The City intends to facilitate the development of additional student housing projects in partnership with USMH and developer(s)/private-sector partner(s).

A Request for Proposals was advertised in the Fall of 2020 seeking a development partner for the next student housing project. Criteria for proposals include experience in residential development, renovation adaptive re-use, and residential property

management; quality of proposed development plan; ability to deliver the product in a timely manner, and financial capability to complete development of this type and scale.

Four proposals were received and are as follows:

1. Amir Shirazi – 49 North Jonathan Street
2. JR Investments LLC – 6-16 West Washington Street
3. Trademark Investments/170 West Washington Partners LLC – 170 West Washington Street
4. WLR Residential Properties, Inc. – 17-21 East Franklin Street

Points of differentiation between the proposals include the total number of units and proposed configuration of the apartments, availability of onsite, off-street parking, ability to meet required project timeline, total project investment and community impact, demonstrated experience in residential development and property management, and compliance with PEP criteria.

City staff and the University System of Maryland staff reviewed and ranked the submitted proposals. The Trademark/Investments/170 West Washington Partners LLC proposal and the WLR Residential Properties, Inc. proposals were very close in ranking and the proposals were essentially viewed as a toss-up for ranking the top proposal.

At this time, the review team recommends the Mayor and City Council consider the following options:

1. Option 1 – Select 1 of the 2 top proposals to negotiate Student Housing Development Agreement terms and conditions for one new student housing project. Agreement would include a \$ 200,000 incentive funded with the available State Community Legacy Grant funding.
2. Option 2 – Select top two proposals to negotiate Student Housing Development Agreement terms and conditions for two new student housing projects. Agreement would include a \$ 100,000 incentive funded with the available State Community Legacy Grant funding for each project.

The top two proposals are recommended for a number of factors including the ability of the developer to meet the goal of a Fall 2021 semester deliver date, the ability of the developer to provide desirable unit configurations, development and management experience, financial capacity and total project investment, the impact the project will have on the downtown in renovating a vacant and underutilized space to Partners in Economic Progress (PEP) standards and repurposing to a higher and better use.

A number of business points in the recommended proposal(s) would be finalized in the formalization of a Student Housing Development Agreement.

Mr. Halsey pointed out both existing student housing locations are at full occupancy. There are currently only 45 students taking courses on site. The impact of the pandemic on how future courses are offered is unknown at this time. Students at USMH have

historically preferred face to face learning over on-line courses. He indicated this provides some belief that students will want housing because they want face to face instruction. The first class of Physician's Assistants graduated in May and a total cohort has replaced them. There will be a full complement of 50 students at the Walnut Street facility. USMH is not able to guarantee any housing beyond the first two projects.

Mr. Kerns noted the first two projects included a rent guarantee agreement. City staff is not pursuing a similar guarantee for these projects.

Councilmember McIntire supports Option 2, selecting the top two proposals.

Councilmember Bruchey understands why the Trademark Investments and WLR Residential Properties, Inc. proposals were ranked as the top two. However, he noted the other two proposals from JR Investments LLC and Amir Shirazi, are for properties that are situated perfectly for students.

Mr. Kerns noted they are in good locations. Staff can definitely continue to keep those properties in mind for other incentive programs as well.

It was the general consensus to move forward with Option 2 and to provide incentives to both top proposals.

Mr. Kerns stated next steps include negotiating with each of the owners and working out terms and conditions. Staff will likely review the terms and conditions with the Mayor and City Council in February or March, with an intent to execute agreements in Spring, 2021.

Mr. Kerns also noted USMH is seeing students seek out permanent housing in the Hagerstown community. They come here for the Physician's Assistant program and see opportunities for relocating and starting careers here. Mr. Halsey agreed and stated a significant number of students have indicated they would prefer to work and live in this area.

CITY ADMINISTRATOR'S COMMENTS

Scott A. Nicewarner, City Administrator, reminded everyone that City offices will be closed on Monday, January 18, 2021 in recognition of Martin Luther King, Jr. Day. Trash collections will remain on the regular schedule.

Mr. Nicewarner offered condolences to the family of Mark Mades, Communications Manager at Washington County, who passed away suddenly this week.

MAYOR AND COUNCIL COMMENTS

WORK SESSION AND EXECUTIVE SESSION
2021

JANUARY 12,

MAYOR AND CITY COUNCIL

HAGERSTOWN, MARYLAND

Councilmember K. B. Aleshire had no additional comments.

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

Councilmember T. Burnett had no additional comments.

Councilmember T. Martinez had no additional comments.

Councilmember S. McIntire had no additional comments.

Mayor E. Keller reported the Community Surveys will be mailed out in the next few days. She urged citizens to be looking for a survey. If they receive one, she asked that they complete the survey and return it as soon as possible.

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 5:54 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: February 23, 2021