

EXECUTIVE SESSION AND WORK SESSION – FEBRUARY 2, 2021

EXECUTIVE SESSION – February 2, 2021

On a motion duly made by Councilmember R. E. Bruchey, II and seconded by Councilmember T. Burnett, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in closed session to consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State, #4 (Section 3-305(b)), and to consider the acquisition of real property for a public purpose and matters directly related thereto; #3 (Section 3-305(b)), on Tuesday, February 2, 2021 at 3:00 p.m. in the Council Chamber, 2nd floor, City Hall, Hagerstown, Maryland. Councilmember S. McIntire was not present at the time of the vote.

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, Michelle Hepburn, Director of Finance, Jill Thompson, Director of Community and Economic Development, Kathleen Maher, Director of Planning and Code Administration, Nancy Hausrath, Director of Utilities, Rodney Tissue, City Engineer, Fire Chief Steven Lohr, Doug Reaser, Business Development Specialist, and Donna K. Spickler, City Clerk.

The meeting was held to discuss a business proposal and potential land acquisition for City operations. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 4:03 p.m.

WORK SESSION – February 2, 2021

Mayor E. Keller called this Work Session of the Mayor and City Council to order at 4:10 p.m., Tuesday, February 2, 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.

Proclamation: Black History Month

Mayor Keller read a proclamation naming February, 2021 as Black History Month in Hagerstown, Maryland. The theme for Black History Month 2021 is The Black Family: Representation, Identity, and Diversity. Councilmember Tiara Burnett and Councilmember Tekesha Martinez accepted the proclamation.

Proclamation: Neighborhoods 1st Month

Mayor Keller read a proclamation naming February, 2021 as Neighborhoods 1st Month in Hagerstown, Maryland. February is the 24th anniversary of the organization of

the Neighborhoods 1st program. Dr. Mark Meany, North End Neighborhoods 1st Group, and Debbie Pitsnogle, South End Neighborhoods 1st Group, accepted the proclamation.

Atlantic League Discussion

Senator Paul Corderman (remotely), Delegate Brenda Thiam (remotely), Howard “Blackie” Bowen (remotely), Ewing Oil Company, Frank Boulton (remotely), Founder and CEO Atlantic League of Professional Baseball, Eric Menzer (remotely), President York Revolution, Dan Spedden (remotely), President Washington County Convention and Visitors Bureau, and Jim Kercheval (remotely), Executive Director of Greater Hagerstown, were present to discuss the possibility of an Atlantic League baseball team in Hagerstown.

Senator Corderman thanked the Mayor and City Council for scheduling time on the agenda for this discussion. He stated this is an exciting economic development opportunity to transform the core of the City. The Urban Improvement Project (UIP) was a great success. Revitalization of Hagerstown can keep moving forward with big and bold initiatives. He stated this group is here today to discuss a potential anchor for the next big projects that will enhance housing and retail. The Atlantic League of Professional Baseball has awarded conditional approval to locate a team in Hagerstown. Letters of support have been sent to the City from the Maryland Stadium Authority (MSA) and the Maryland Department of Commerce. Part of the approval is the facility itself, which would be a multi-use center at the corner of Baltimore Street and Summit Avenue. The Hagerstown Suns team has been contracted and no longer exists. However, this proposal is an opportunity for a team with local ownership and it would be a key for economic development. Goals include increasing the tax base, continuing rehabilitation of downtown, being a catalyst project, and an employment opportunity. For this project to be successful, confidence and support is needed from the community.

Mr. Menzer stated an anchor team with the Atlantic League provides endless opportunities. The City of York has experienced an increase in economic development since the York Revolution has been part of the city.

Mr. Bowen reported he got involved in baseball about 18 months ago. He visited his college roommate and attended a Long Island Ducks game and had a lot of fun. His college roommate is Frank Boulton, who is the founder of the Atlantic League. He was very successful on Wall Street for a long time and then became involved in baseball and made the Atlantic League successful.

Mr. Boulton stated having a man like Blackie Bowen take an interest in baseball and wanting to have an Atlantic League team in his home town is comforting and exciting. He also thanked the Mayor and City Council for considering this possibility. The Atlantic League is in its 24th season. More than 42,000,000 fans have attended games and 1,000 players have been rehabbed back to the major leagues. There are 100 players who transferred directly to a major league team. Forty percent of players on each team have played in the major leagues. The quality of play for Atlantic League teams is

different than the Hagerstown Suns. Due to deaffiliation, Hagerstown lost the Suns. The minor teams will not be major league affiliated but they will have a working agreement with the major league to place teams in these places. This is an exciting time for the Atlantic League because of the contraction of teams from the major league. Two of the Atlantic League teams were contracted as well. The League will be adding teams in 2 cities each year for the next three years. He believes Hagerstown would like to be one of the two cities in 2021. Senator Corderman and others visited Lancaster and York and they found York to be similar to Hagerstown. He and others believe York would be a great model for a team in Hagerstown.

Mr. Menzer has been manager of the York team since 2010. The perspective has been exciting. York is not beholden to the major leagues for anything. The ballpark has been an anchor and pillar in the downtown and a catalyst for investment of \$ 135 million. There are significant projects in the pipeline. The stadium created jobs for 150-200 city residents. It is surrounded by City neighborhoods and just a block or two from downtown transit. The team is a major contributor to quality of life in the county. Many businesses bring executives to the ballpark, whether there is a game or not, to show it off. The owners have strong, deep community roots. Baseball games were cancelled last year due to the pandemic but there were still 160 events last year. An announcement was made yesterday that the 2021 season will start in May. He invited anyone interested to visit York and see what has been happening there.

Senator Corderman stated being able to replace the loss of the #1 draw in Hagerstown (Hagerstown Suns) is very exciting. He hopes to have the Maryland General Assembly help support this project. Financing is always the main question. The MSA has existed more than 20 years and they have taken on legislation for projects such as Ravens Stadium, Camden Yards, and the Ocean City Convention Center. He is asking if this project can be added to their list of initiatives to manage and construct the project. A funding model that has minimal impact to the local community is being considered. He welcomes feedback and input from the Mayor and City Council. This project will be an asset to the community and will bring significant economic development to downtown where it is desperately needed.

Councilmember Aleshire noted it was stated during the County Commissioners meeting earlier today that either the County or CHIEF may own the stadium. He asked if that is correct.

Senator Corderman stated the intent is to partner with as many parties that want to be included. Mr. Bowen is the contact person for the ownership group. When the project is complete, it will be a \$ 40 million asset for some agency.

Councilmember Aleshire stated it appears the York facility is owned by an industrial foundation, similar to CHIEF. He asked if that organization is taxed. Mr. Menzer indicated the organization that owns the facility is exempt from property taxes but the agreement includes a payment in lieu of taxes equivalent to the taxes on the property before it was developed.

Mr. Boulton stated the funding for the ballpark in Long Island was \$ 14 million from the State, \$ 5 million from the county, and \$ 3 million from him. There are no real estate taxes. Most minor league facilities are 501(c)3 organizations.

Councilmember Aleshire pointed out this facility may be exempt from Admissions and Amusement taxes. Senator Corderman stated they are not looking to be tax exempt; they are looking for partnerships.

Councilmember Bruchey noted if the facility is at the proposed location, it would be in the Arts and Entertainment District and would not be subject to Admissions and Amusement taxes.

Councilmember Aleshire asked if the entity is looking for an ownership structure that would not pay taxes and not be exempt from taxes. Senator Corderman indicated they are looking at the same taxing structure as Municipal Stadium, which the City owns. Councilmember Aleshire stated he is trying to determine the purpose of being exempt. Senator Corderman stated that information would be included in a financial plan.

Councilmember Aleshire asked if a subsidy is provided to the industrial foundation in York. Mr. Menzer indicated they pay rent to the industrial foundation.

Councilmember Aleshire thanked Mr. Bowen for taking his call. He hopes that conversation confirms that he is a fairly direct and honest individual. He wants people to hear his position directly from him. He does not believe the proposed location is the most beneficial downtown location. He thinks it is three blocks away on Baltimore Street. However, if this is a private venture and all the City is being asked to do is build a parking deck, he would say it should have been done 10 years ago. The responsibility of the government is to support a private venture. If the City does not have to deal with the debt, land acquisition, team and tenant negotiations, or generate community buy in, his focus would be on a parking deck and making sure the integrity of the Cultural Trail remains intact. He finds it disconcerting that WDVM (local news station) implied the City is helping with the design and funding of the project. This is not a true statement. He is also concerned that information from an Executive Session a few weeks ago was shared outside that closed session. He is also concerned that he is hearing there is a process being considered to protest the community survey that is being sent to citizens.

Councilmember Burnett agrees with Councilmember Aleshire, especially about the location and financial responsibility. During the election campaign, she stated she does not support the Baltimore Street/Summit Avenue site for a stadium. After seeing further information about this project, she has not changed her stance.

Councilmember McIntire stated citizens want something positive to look forward to and to increase foot traffic in Hagerstown. She is grateful for this private investment project, which has been discussed for more than 20 years. She appreciates Mr. Bowen's interest in Hagerstown and his perseverance with this project. She realizes not everyone will agree on the location or other components. She believes citizens will eventually

support this project. She agrees with the stadium study that was completed during the previous administration. She hopes Hagerstown can finally have something to spark a lot more economic development than there is currently.

Mr. Bowen stated he has not been involved with any previous stadium project discussions. This is new to him. He believes this project will be extremely valuable for the next 100 years. The Hagerstown community can enjoy it forever more. Mr. Boulton has been his guide during the process. He wants to make sure the size is right and the local ownership is secured. He is seeking others like himself that want Hagerstown to succeed and have supported the City and the County in the past.

Councilmember Bruchey agrees a parking deck on Antietam Street is overdue. He and Councilmember Aleshire may disagree on a project such as this, but he thinks they agree with bringing up to 500,000 people to the City on a regular basis would be a good thing for the City and the heart of Washington County. He is looking forward to receiving additional information and to the starting of a project of this magnitude. This project could propel Hagerstown forward for the next 50 years. He hopes the City of Hagerstown will not be a deterrent for this project.

Mayor Keller stated she has admired Mr. Bowen as a business owner and the work he does in the community. She agrees a parking deck is needed near Antietam Street. She hopes this puts an end to the discussion in a good way and a project is started.

Senator Corderman stated the intent is to deliver a tremendous asset to the City of Hagerstown. He understands the concerns about the location and he respects those opinions. The Maryland Stadium Authority has conducted the studies in the past and has determined the proposed location is the best site for the return on investment. He read statements from people about lack of safety downtown, police officers not being visible, downtown being full of weirdos, and how people would not want to come downtown. He also read a comment from Herald Mail columnist Tim Rowland that in 20 years, this idea will be considered forward or crazy. These aren't statements about this stadium project. They were from 1999, regarding the University of Maryland locating in downtown Hagerstown. Without USMH, there would be no Barbara Ingram School for the Arts or a renovated Maryland Theatre. The stadium in York has been a great opportunity for that city. He is looking forward to pursuing funding during the General Assembly. He asked that Mayor and City Council members not oppose these funding efforts.

Councilmember Burnett asked if areas other than the Market House, Central Parking Lot, and the Baltimore/Summit site were included in the MSA study. Senator Corderman recalled that the downtown location would have the largest impact. Other sites were considered in part of the study.

Mayor Keller asked if the Washington County Delegation supports the funding bill. Senator Corderman indicated it is a stand-alone bill. However, he has discussed it with each member of the Delegation.

Delegate Thiam stated she is not a baseball fan but the fact that this project is going to go above and beyond entertaining people who enjoy baseball is why she supports the initiative. She views a place to hold other events and activities as a way to generate revenue for downtown. Big decisions are often risky. She is in full support of this project and is committed to a project that can improve the City. This will be a place for families to go. It will bring people to Hagerstown and keep them here.

Councilmember Burnett asked if there will be efforts made to seek community input.

Mr. Spedden indicated a key component of Phase 3 of the study is public engagement. In his experience, the contractor for the MSA conducts multiple public engagement sessions. If the original plan is not sufficient, there are opportunities to hold additional sessions.

Senator Corderman stated this project is stronger and better than ever before and public engagement will continue to be part of the process.

Mayor Keller thanked the group for discussing the project in detail with the Mayor and City Council.

Councilmember Bruchey then left the meeting.

Hagerstown Youth Advisory Council (HYAC) Presentation

Lauren Metz, Planning and Outreach Coordinator, introduced Maya Murthy and Zachary Brooks of the Hagerstown Youth Advisory Council to the Mayor and City Council. Both Ms. Murthy and Mr. Brooks participated in the meeting remotely. Jonathan Kerns, Community Development Manager, also participated remotely.

The HYAC was formed in 2018 and consists of 9 voting members from local high schools and a 5 person adult advisory group.

Ms. Murthy and Mr. Brooks presented a power point update of the activities of the HYAC. The group was established to provide feedback to dignitaries, agencies and youth. Members include Zachary Brooks, Vice-Chair, Kevin Bokoum, Tashera Lloyd, Blessing Moses, Maya Murthy, Chair, Hailey Olivero, Eden Teodorovici, Ethan VanMeter, Summer Seaward, Tina Akondeng-Azise, and Jeremy Calcarian. This year, the HYAC wants to focus on establishing a greater community presence and find more ways to advise City government.

During the 2019-20 school year, they formed subcommittees, and passed by-laws. Each member serves on a sub-committee, which reflects the group's major goals.

The Financial Literacy committee did a series of financial literacy types on social media. Their plan this year is to identify and educate youth on relevant issues.

The Wellness Committee encourages physical health awareness. They support the planned skate park project. They have met with mental and physical health experts. They plan to start more youth to youth conversations about wellness.

The Environment Committee acknowledges the impact of climate change. They hope to encourage more sustainable practices.

The HYAC members continue to believe it's important as youth to take the time to educate themselves, take action, be engaged and to stand together. They completed a session with the Hagerstown Police Department and participated in Black Out Tuesday. They discussed different events surrounding current events. They took action to discuss police treatment of different communities.

A letter in support of the skatepark project was submitted to the Mayor and City Council by the HYAC. They believe this is a very valuable addition to Hagerstown that will affect youth wellness.

They selected the City Christmas tree and are looking for ways to be more involved in the community.

HYAC members discussed their purpose and goals to local Rotary clubs. They met with Washington Goes Purple and talked about how their work impacts their home schools. They feel they can connect with younger people and assist with Washington Goes Purple initiatives.

They met with Meritus Medical Center representatives and learned about food deserts within the City of Hagerstown.

The group is considering an Instagram initiative to name a City dog to spread positivity in the community.

Mr. Brooks thanked Mr. Kerns and Ms. Metz for their support and assistance. He also thanked Councilmember McIntire for her continued support.

Ms. Murthy thanked the Mayor and City Council for their time today and she looks forward to discussing other topics and ideas with the elected body.

Councilmember McIntire appreciates all the work of City staff and the HYAC members.

Councilmember Martinez stated it is amazing to have Hagerstown youth so involved in the community as a whole.

Mayor Keller agreed and thanked them for their efforts. She supports the City dog project.

Councilmember Burnett also likes the City dog idea. She thanked the group for their work.

FY21 General Fund Budget Balancing and Adjustments

Michelle Hepburn, Chief Financial Officer, was present to review FY21 General Fund Budget Balancing and Adjustments. Over the past several months, the Mayor and City Council and City staff have been discussing estimated revenue losses from the original FY21 budget levels. As mentioned during the January 19, 2021 Work Session, the City received one-time CARES reimbursement dollars from the County and a verbal recommendation was made for proceeding with the FY21 budget. The chart below represents these staff recommendations and adjustments needed to move forward with FY21 in the General Fund:

**City of Hagerstown:
General Fund (GF) FY21 Proposed Budget Adjustments**

GF Surplus as of 7/1/20: Original Approved FY21 Bud	3,032.70
Move: SWM Revenue to SWM Fund #59	(1,326,718.36)
Decrease: SWM Op Bud Exp from GF to SWM Fund #59	1,326,718.36
Add: Allocation to CDBG (1050001) for program Admin from GF salaries & benefits	35,000.00
7/21 MC Memo: Decrease RE tax revenue - per Constant Yield to <0.3%> from 4.0%	(1,139,500.00)
7/21 MC Memo: Estimate growth in RE tax revenue based on trends from <0.03%> to 2.0%	609,500.00
7/21 MC Memo: Decrease Personal Property Tax rate	(150,000.00)
7/21 MC Memo: Decrease State Income Tax Revenue approx 15%	(438,000.00)
7/21 MC Memo: Decrease Hotel/Motel Revenue by 25%	(55,000.00)
7/21 MC Memo: Decrease Admissions & Amusement Revenue by 25%	(50,000.00)
7/21 MC Memo: Decrease Traders License be equivalent to FY20 actual receipts	(15,000.00)
7/21 MC Memo: Decrease HPD Red Light Violations by 25%	(50,000.00)
7/21 MC Memo: Decrease Interest on Investments by 40%	(80,000.00)
Decrease budget contingency to \$0 from \$130K	130,000.00
Decrease GF Agency contributions from \$284.6 to \$112.5K per 10.13.20 M&C meeting	172,100.00
Add: CARES Gen Fund Reimburse Portion for PPE (Mar-Sept Items)	82,084.04
Add: CARES Reimburse for Salaries	1,354,551.97
Decrease: GF Stipend to all FT Employees	(657,742.00)
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General Fund FY21 Revised Budget Balance / Surplus	(248,973.29)
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Decrease: WC Funding from new actuarial to original 10 year funding plan	312,024.00
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General Fund Balance / Surplus	63,050.71

Ms. Hepburn stated the Mayor and City Council will need to formalize where the City stands and approve adjustments with a vote on February 23, 2021. This will also establish how the City will move forward for the remainder of FY21.

Ms. Hepburn stated the group previously discussed the payment from Washington County to offset revenue losses from the original FY21 budget levels. The one-time CARES act reimbursement was discussed two weeks ago. Mr. Nicewarner and Ms. Hepburn's primary responsibility is to present a balanced General Fund budget to the Mayor and City Council on March 31 of each year.

Last spring, the Stormwater Management Fund had not been established. There is now a separate Stormwater Management Fund.

Staff is reviewing how Community Development Block Grant staff are performing administrative functions. There will likely be a change in how those resources are allocated for CDBG.

The City has experienced revenue decreases in real property tax revenue, State income tax, hotel/motel tax, Admissions and Amusement tax, Trader's Licenses, red light camera violations, and interest on investment. Agency contributions have been removed for FY21, as approved by the Mayor and City Council.

CARES dollars were given out across Counties and County Health Deplanements. The City received reimbursement for some Personal Protection Equipment (PPE) purchases. The City could not use this revenue for items already included in the budget such as base pay. The City requested funding for hazard pay but was denied. The City did receive reimbursement dollars for base wages for public safety.

The City has received \$ 1.3 million in CARES Act funding. Staff suggest using some of this funding for a one-time payment to employees. Mr. Nicewarner has repeatedly stated some sort of recognition to all 400+ employees is needed for their continued work during the pandemic. The cost for this to the General Fund would be \$ 657,000. The remaining \$ 250,000 deficit will be covered within department savings. Another consideration is to reduce the Workers' Compensation funding at the full amount, which would show an anticipated \$ 63,000 surplus.

Mr. Nicewarner stated staff started planning in February, 2020 when it was evident the virus was spreading. When the worst case scenario began to happen in March, he and the management group were determined the City was not going to close and committed to keeping everyone working and providing every service possible to citizens. Staff accomplished this goal. Every department stepped up and did what they were asked to do, if not more. Ultimately, staff provided the services without much complaining. He has reviewed ways to reward staff for the job they did over the last year. Staff stepped up and went beyond anything anyone expected or anticipated. Difficult conversations have been held with departments about spending. At the end of the day, the City and City staff have made it this far and have become stronger. The budget for FY22 will be challenging but staff is prepared to deal with the challenge. He noted that staff has dealt with snow storms efficiently as well, while dealing with long hours and low salt supplies.

Ms. Hepburn stated a stipend is being considered for employees rather than an increase in everyone's salary because an increase in salary creates a large future commitment. If the Mayor and City Council does not support a stipend to employees, the funding could be moved to the Capital Improvement Program.

Mayor Keller stated a stipend is appropriate and well deserved.

Councilmember Martinez stated it is important to take care of inside operations first. She supports a stipend for employees.

It was the general consensus to provide a stipend to employees with a portion of this funding.

Ms. Hepburn noted a separate motion would be required for an employee stipend.

Ms. Hepburn stated staff have been working on the FY22 budget for several months. Department meetings have been completed and Finance staff are entering the information into the budget program. During February and March, Finance staff will be balancing the proposed budget and producing the documents for the budget book.

University Plaza Guidelines

Kitty Clark (remotely, Community Events Coordinator, was present to review the guidelines and application for public use of University Plaza.

In 2018, the Department of Community and Economic Department (DCED) assumed Management of University Plaza rentals from the Parks and Engineering Department. This decision was made because the majority of Plaza users regularly work through DCED on other details of their events, including open container exemptions, overtime police officers, and posting streets for no parking. Additionally, because of the agreements with USMH regarding use of the Plaza, DCED's Community Events Coordinator serves in the role of confirming the Plaza availability with partners at USMH and within the department. At the same time, Parks took over all aspects of the Fourth of July Fireworks Event at Fairgrounds park. This swap of duties created efficiencies, with staff in respective departments working on events and projects that fall well within their purviews. The Parks Department continues to maintain the plaza.

Since fully taking on rental management, DCED has updated the guidelines, application, and fee schedule, and has also promoted the Plaza as an excellent location for events due to its downtown location, proximity to parking and restaurants, and its amenities which include a stage, ample electricity, and fencing and gates. The fees to use the Plaza are intentionally low to encourage more downtown events. The Plaza is frequently used for a diverse array of events, including weddings, parties, meeting points for walks and 5k races, vigils, Washington Goes Purple events, music concerts and plays, and artisan markets.

The complete guidelines, fee schedule, and application were provided with the meeting material. These have been reviewed by the City attorney and relevant staff. Staff would like to highlight the following:

1. All users are required to submit an application, sign a waiver, and abide by parks regulations, which are attached as part of the application/guidelines.
2. Users who intend to have alcohol as part of their event work with the Community Events Coordinator to gain an exemption to the open container law from Mayor and Council.
3. All users are required to furnish the City with a Certificate of Insurance (\$1 million general liability; \$ 2 million if alcohol will be served).
4. For events that are free and open to the public, there is no fee to use the Plaza.
5. For private or ticketed events, the fee range is \$ 25 for up to 3 hours, \$ 50 for up to 8 hours, \$ 75 for up to 16 hours.
6. Users may rent the restrooms located inside 60 West Washington Street for a fee of \$ 50 (\$ 100 if alcohol is served). This fee covers the cleaning of the restrooms which is done by USMH.

It was the general consensus of the Mayor and City Council to schedule approval of the guidelines and application for the February 23, 2021 Regular Session.

Joint Services Area (JSA) Expansion Request – Consolidated General Services Agreement (CGSA) Amendment 12 for Harp Property

Nancy Hausrath, Director of Utilities, reported the Washington County Department of Water Quality has requested an expansion of the Joint Service Area for the purpose of supplying wastewater services to the Harp Property. This property totals 68.03 acres as further defined on Map 24, Parcel 427 by the Maryland Department of Assessments and Taxation and is on Paradise Church Road north of Longmeadow Road. A pre-annexation agreement was received and has been recorded. There are currently 72 lots planned with a total allocation of 14,400 GPD.

The Consolidated General Services Agreement (CGSA) was adopted in 1997 and established the means by which sanitary sewer service can be provided to properties in Washington County which would require treatment by the City of Hagerstown, using sewer lines owned and operated by the County. The CGSA designates the properties that are included in the cooperative agreement, and it has been amended from time to time in order to add additional properties.

Harp Park is not currently included in the CGSA, thus requiring a Joint Resolution to be approved by both the County Commissioners and the Mayor and City Council before sewer service can be provided.

Councilmember Aleshire asked if there is any impact to providing utility service to a developer that is building one acre lots, rather than $\frac{3}{4}$ acre lots. Ms. Hausrath stated she is not aware of any.

It was the general consensus to approve a joint resolution for the requested amendment during the February 23, 2021 Regular Session.

Cascades Tissue Substation

Nancy Hausrath, Director of Utilities, and Nathan Fridinger, Electric Operations Manager, were present to provide information and discuss options for the transfer, lease, and/or sale of the Substation property located at 548 Eastern Boulevard.

The City and Cascades Tissue Group entered into a Comprehensive Settlement Agreement and Mutual Release on November 17, 2020 releasing Cascades from prior agreements to include an Electric Power Service Agreement (EPSA), the Hagerstown Fiber and Light Assignment and Assumption Agreement (AAA), and a Lease Agreement for the Substation Property. The financial obligations were settled, releasing Cascades of the EPSA and AAA. The terms for release of the Lease Agreement are for Cascades to demolish the Substation Property and to restore it to its previous condition on or before May 1, 2021. Once Cascades restores the property, the City will terminate the Lease Agreement. There has been no activity on the property to date.

After Cascades' sale of the property located at 273 East Memorial to the Palmer Group, the Palmer Group approached City staff on December 17, 2020 requesting the option to lease or purchase the Substation Property. An unsolicited proposal was received from the Palmer Group on January 15, 2021 requesting to purchase three-quarters (3/4) of an acre of the 9.5 acre parcel on which the substation resides for \$ 200,000. The request and proposal was a result of extended lead times for materials to meet the power requirements on-site and the urgency to meet their operating deadline of April 1, 2021.

Cascades and the Palmer Group are aware that any new/revised agreements relating to the Substation Property will require Mayor and Council approval and both parties are attempting to reach a deadline, Cascades for demolition and the Palmer Group for operation.

Staff is seeking Mayor and Council guidance to consider the following options or alternative options considered to be in the best interest of the City and to include an access point to the rear of the Washington County Public School property along Commonwealth Avenue (B & C will require consent from Cascades and halt any efforts they have taken toward demolition):

- A. Retain the Comprehensive Settlement Agreement and Mutual Release with Cascades, requiring Cascades to demolish the substation by May 1, 2021.
- B. Relieve Cascades of their obligations to demolish the property, canceling the existing Comprehensive Settlement Agreement and Mutual Release and Lease Agreement. Staff will pursue a new Lease Agreement with the Palmer Group to allow their use of the property as a substation until the property is surveyed,

subdivided, and the appropriate measures are taken to complete the transfer of the substation property in the amount of \$ 200,000. Terms of the Lease will include requirement of the Palmer Group to reimburse the City for legal fees in connection with negotiating these proposed agreements and to restore the property to its previous condition at any time that it ceases to use it as a substation.

- C. Relive Cascades of their obligations to demolish the property, canceling the existing Comprehensive Settlement Agreement and Mutual Release and lease Agreement. Staff will pursue a new, Temporary Lease Agreement with the Palmer Group for a term of three to five years to allow their use of the property as a substation until they are able to obtain the equipment necessary and construct a substation on-site to meet their electrical capacity requirements. Terms will include the requirement of the Palmer Group to reimburse the City for legal fees in connection with negotiating these proposed agreements and to restore the property to its previous condition at any time that it ceases to use it as a substation.

Ms. Hausrath noted staff has reached out to the Board of Education regarding their interest in constructing a road through a portion of this property. The Board did not indicate there was no interest.

Councilmember Bruchey recommended moving forward with Option B, where they pay \$ 200,000 and still purchase power from the City of Hagerstown to power a \$ 1 million operation. This would also allow the option for the Board of Education to construct a road if they wish to do so.

Mr. Fridinger stated he would contact Cascades to see if they are willing to accept Option B.

CITY ADMINISTRATOR'S COMMENTS

Scott A. Nicewarner, City Administrator, thanked City staff who have worked to clear roads of snow in the past couple of days. Public Works and Utilities employees operated on shifts, 24 hours each day. There is a salt shortage that all agencies are working through. Parking in the decks will be free through the weekend. Snow is expected again on Sunday.

MAYOR AND COUNCIL COMMENTS

Councilmember S. McIntire walked at Fairgrounds Park recently and was encouraged that people were playing football and going to the ice rink. She appreciates what is available in the City's Parks. She is confident the skate park will be a great amenity.

Councilmember T. Martinez stated conflict is inevitable and people should consider mediation as a first attempt to resolve conflict. Celebrating Black History Month is amazing for her. She recently discovered that her grandfather was a Councilman in Cambridge before moving to Hagerstown.

Councilmember T. Burnett had no additional comments.

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

Councilmember K. B. Aleshire had no additional comments.

Mayor E. Keller thanked City staff for their efforts during the recent snowstorm. She noted City Park is beautiful in the snow.

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 6:11 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: March 23, 2021