

EXECUTIVE SESSION AND WORK SESSION – February 15, 2022

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Mayor Keller called this Executive Session to order at 3:31 p.m. On a motion duly made by Councilmember S. McIntire and seconded by Councilmember T. Burnett, the Mayor and City Council unanimously agreed by voice vote 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)), on Tuesday, February 15, 2022 at 3:31 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, Michelle Hepburn, Chief Financial Officer, Jill Thompson, Director of Community and Economic Development, Kathleen Maher, Director of Planning and Code Administration, Doug Reaser, Business Development Specialist, Wes Decker, Communications Manager, and Donna K. Spickler, City Clerk.

The meeting was held to review a business proposal. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:48 p.m.

WORK SESSION – February 15, 2022

Mayor E. Keller called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, February 15, 2022 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.

LGIT Training Grant Award Presentation

Tim Ailsworth, LGIT Executive Director, presented a check to the City in the amount of \$ 19,711.00 representing a grant from LGIT to the City of Hagerstown for training for the Hagerstown Fire Department. This is the largest training grant ever awarded and he congratulated the City for their diligence. Fire Chief Steven Lohr noted the training program, Telematic, was developed from a committee formed by the Hagerstown Fire Department. Chief Lohr noted this kind of work is a perfect example of a successful public/private partnership.

Preliminary Agenda Review

Mayor Keller announced that Citizen Comments for the February 22, 2022 Regular Session will be welcome either in person or by submitting comments by email to councilcomments@hagerstownmd.org by 5:00 p.m. that day. If by email, the submitters name, address, and a summary of the comments will be announced during the Citizen

Comments portion of the meeting. The email will not be read in its entirety but it will be included in the public record for the meeting and may be viewed by the public at any time.

Consent Agenda

A. Administration:

1. Cable Franchise Professional Services Contract – CBG Communications, Inc. (Boonton, NJ) \$ 40,000.00

B. Police Department:

1. Furnish Commercial Water Heater and Labor – Beaver Mechanical Contractors, Inc. (Hagerstown, MD) \$ 13,858.76
2. Dell Latitude Computers and Docking Stations for Vehicles – Dell EMC (Round Rock, TX) \$ 10,393.28
3. Network Boxes for Cameras – HCGI (Columbia, MD) \$ 37,233.00
4. Up-fitting of 2021 Dodge Chargers – Occasion of a Lifetime, LLC (Frederick, MD) \$ 23,079.88

C. Public Works:

1. Street Closure Request – St. Paddy’s Day Runfest 2022

D. Utilities:

1. Electric: Fleet Repair Parts – Carter Machinery Company, Inc. (Myersville, MD) \$ 18,463.89
2. Electric: Underground Primary Conductor – DECO Supply (Louisville, KY) \$ 29,700.00
3. Water: Remote Network Security – Airline Hydraulics Corp. (York, PA) \$ 19,049.55
4. Water: Installation of 12 Inch Insertion Valve – Blue Water Construction Services, Inc. (Reading, PA) \$ 12,700.00

This completed the Preliminary Agenda Review. There were no questions about any items. All items, unless noted, are scheduled for approval on February 22, 2022.

Update on the CDBG Funded Microenterprise Grant Program

Lauren Metz, Planning and Outreach Coordinator, and Jonathan Kerns, Community Development Manager, were present to provide an update on the Community Development Block Grant (CDBG) Microenterprise Grant program.

The City of Hagerstown is recognized as one of six entitlement communities in Maryland for the U. S. Department of Housing and Urban Development’s Community Development Block Grant (CDBG) program. The goal of the CDBG program is to develop viable urban communities through decent housing, improved public facilities and public services, and expanded economic opportunities for low-to-moderate income residents.

During the July 13, 2021 Work Session, the Mayor and City Council reviewed and approved the guidelines and application for a CDBG funded Microenterprise Grant program. The program's goal is to support and cultivate small business growth and stabilization for Hagerstown's microenterprise businesses owned by low-to-moderate income residents.

Applications for the program were opened in early September, 2021. To date, ten businesses have received funding totaling \$ 50,000. These businesses include six which are located in the downtown. The types of businesses assisted include restaurants, retail, home improvement, healthcare, and hair styling.

There are currently three other businesses that are being reviewed and pending approval for the program. Assuming these businesses meet the eligibility criteria it is anticipated that the program will be able to accommodate an additional two businesses before all funding has been expended. This program is also tentatively budgeted to be funded again through the CDBG program during Fiscal Year 2023.

Mr. Kerns stated staff is reviewing options for the potential FY23 program. There may be repeat applicants and a process for that needs to be developed. Other businesses that could potentially added to the list of eligible businesses may be co-ops, such as The Foundry. He asked if the Mayor and City Council would consider including this type of business in the roving business language.

Mr. Kerns thanked Ms. Metz for working through the challenges of determining income eligibility for commercial enterprises.

It was the general consensus to include co-ops in the list of eligible businesses. Options for repeat applicants will be discussed at Work Session later this year.

Discussion of A&E District Boundaries for Redesignation Application

Jill Thompson, Director of Community and Economic Development, Kathleen Maher, Director of Planning and Code Administration, and Michelle Hepburn, Chief Financial Officer, were present to review feedback received during the Arts & Entertainment District Community Listening Sessions and Survey regarding modifying the proposed boundaries for the Hagerstown Arts & Entertainment (A&E) District Redesignation.

A public hearing for the A&E District Redesignation is scheduled for February 22, 2022, and is required for the A&E District Redesignation. Staff seek Mayor and City Council direction for definition of the A&E District boundaries for presentation at the Public Hearing and based on community feedback received to date.

Additional comments at the public hearing are welcomed. Following the public hearing, the Mayor and City Council will need to adopt a resolution for the A&E District Redesignation that includes confirming the final boundaries.

On November 9, 2021, staff reviewed proposed boundaries for the redesignation with the Mayor and City Council during a Work Session. The first draft includes an estimated total of 114 acres. A second draft was completed with suggested expanded boundaries from community feedback. The adjusted net acres estimate is 160, for a total of 225 acres which includes 65 acres of green space in City Park and Wheaton Park.

The areas added to the map titled Second Draft – Suggested Expanded Boundaries - From Community Input include the following areas and justification:

1. Overall Statement of Justification – The Hagerstown Arts and Entertainment (A&E) District was established in 2001. Significant accomplishments and development have occurred in the primary core of the A&E District. The success of the A&E District is spurring development activity as well as arts, cultural and entertainment programming in wider geographic area. Inclusion of a wider area is an expected and desired evolution of the district given its maturity of 20 years. Inclusion of a wider area will also strengthen the A&E District’s goals of cohesiveness and collaboration.

Specific areas within the map are listed below:

1. Doleman Black Heritage Museum/Jonathan Street Corridor/Wheaton Park – The property is in the concept phase off redevelopment of the Doleman Black Heritage Museum. Additional property redevelopment may occur along the commercially-zoned area of the Jonathan Street Corridor. This neighborhood commercial corridor is significant in its cultural heritage. The development of public space and the installation of public art is expected to continue in this area.
2. Market House Property – The Market House Property – The property is being sold by the City of Hagerstown to a private developer and brewery/entertainment business operator for redevelopment. The brewery’s business plan includes programming the facility with special events and live entertainment.
3. Multi-Purpose Stadium Site – In addition to a full schedule of independent-league baseball games, the facility will host community events and will be the largest outdoor performance venue in the downtown core. The waiver of Admission and Amusement Tax on eligible ticketed events will attract use of the facility and keep ticket prices reasonable. Eligible artists that use the facility will benefit from the Income Tax Subtraction offered within the A&E District.
4. Baltimore Street and Greenwood District Development Area – Private property owners and business owners in this area are underway with property redevelopment and small business development including arts and entertainment enterprises. Inclusion of this area in the A&E District will provide additional tools to attract new investment and uses that will contribute to arts, entertainment, cultural heritage, and tourism. The Greenwood District is a community-based organization whose focus is to empower and inspire minorities to close the wealth gap and create generational wealth within our own communities through networking and entrepreneurship programs.

5. Washington County Museum of Fine Arts, City Park, and the Cultural Trail – The Washington County Museum of Fine Arts located in City Park, is among the leading arts attractions in the City of Hagerstown. The 10-year Community’s City Center Plan calls for connectivity between downtown and the Washington County Museum of Fine Arts through the Hagerstown Cultural Trail. Additionally, the Washington County Museum of Fine Arts is exploring expansion with the possible renovation and reuse of the former Bock Oil site located in City Park.

Additionally, the following area was included in the first draft of the boundaries:

1. Development Site at Hospital Hill (Former Hospital Site) – The property is positioned for development following the demolition of the hospital. Hagerstown’s Community City Center Plan identifies opportunities for future uses related to cultural heritage and tourism. Inclusion of the site in the A&E District will provide additional tools to attract new investment and a use that would contribute to arts, entertainment, cultural heritage, and tourism.

Benefit for businesses located in the Arts & Entertainment District are:

1. Real Estate Property Tax Credits
2. Waiver of Admissions and Amusement Tax
3. Income Tax Subtraction for Maryland Resident Artists
4. Cohesiveness and collaboration of those within the boundaries

The City of Hagerstown A&E District offers all three tax credits. Mr. Nicewarner asked if all three credits have to be offered. Ms. Thompson believes applications from jurisdictions offering all three tax credits would likely be reviewed more favorably by the State.

The State of Maryland requires the boundaries of an A&E District be contiguous. The City of Hagerstown application is for a 160 acre area for the A&E District. The boundaries established by the State are for 10 years. An A&E District area can be modified through an expansion application during the 10 years. The term “expansion” includes enlarging or reducing the area.

Staff reviewed Maryland Senate Bill 0663 that was introduced on February 4, 2022. The bill summary is: “Prohibiting Washington County or a municipal corporation located in Washington County from imposing the admission and amusement tax on gross receipts derived from any charge within an arts and entertainment district.” The hearing on the bill is scheduled for March 2, 2022 at 1:00 p.m.

Mayor Keller attended the listening sessions regarding the expansion and thanked staff for incorporating all the suggestions into the application.

Councilmember McIntire appreciated the information from other communities for their A&E District boundaries. She asked if Frederick’s A&E District includes the stadium. Ms. Maher does not think so but Carroll Creek may be.

Councilmember McIntire asked for information about when Frederick last applied for a redesignation of their A&E District. She wonders if that spurred the growth they are experiencing.

Councilmember Aleshire reminded the group he said a year ago that the City needed to discuss the plans for taxes, the A&E Expansion, water and sewer costs, who will cover the costs for relocation of the cultural trail and other items with the people who are developing the stadium. It would be helpful to know their expectations before the application is submitted. He does not know what the average taxpayer will be paying to cover the lower revenue due to an expansion of the A&E District. He asked what impact including the stadium in the A&E District would have on Admission and Amusement taxes. Ms. Hepburn stated the only things excluded are taxes being charged for arts and entertainment. For example, the shows and performances at the Maryland Theatre are excluded but athletic events are not currently excluded, even if the venue is. The 5 year average of revenue from A & A tax (prior to COVID-19) was \$ 352,000. The 2 largest contributors were Cancun Cantina and Municipal Stadium.

Councilmember Aleshire noted there will be athletic and non-athletic events and some sort of gaming at the new stadium. He thinks there will be a cost to the City in that revenue will be reduced.

Ms. Hepburn stated new legislation has been proposed that would change the definition of eligible ticketed events to include any activity that would occur within the A&E District, including tickets for the stadium events.

Councilmember Aleshire pointed out the local government establishes the A&E Boundary and therefore, the bill would only apply to areas determined by the local government.

Mayor Keller stated she spoke to Senator Corderman, who co-filed the bill, and he has agreed to not push the bill at this time, if the City agrees to include the new stadium in the A&E District. Negotiations could occur after that.

Councilmember Aleshire stated the more lasting affect is the assessment increase around the designated area. He would like to know if the immediate revenue increase would be enough to offset the lost revenue from Admission & Amusement (A & A) taxes.

Councilmember Bruchey asked if the Washington County Museum of Fine Arts pays A & A taxes. Ms. Hepburn stated the City does not collect the tax and it is not a tax bill. It is a charge that is made to the attendee. She stated the State does not provide details of the A & A taxes. An artist can report a subtraction on their tax return and the City does not see that information.

Ms. Maher indicated the Museum would like to be included in the A&E District which is why the expansion includes the museum. As a non-profit entity, the Museum does not pay A & A taxes.

Ms. Thompson stated developers tend to gravitate toward the Enterprise Zone Tax Credits rather than A&E Tax Credits.

Councilmember Aleshire would still like to know what the potential amount of lost revenue would be.

Councilmember Bruchey asked Chief Kifer what services would be needed from the Hagerstown Police Department from a new multi-use facility with a full baseball schedule and 100 other events. Chief Kifer indicated the level of services would depend on the activity.

Councilmember Bruchey stated there has not been any discussion of a PILOT (payment in lieu of taxes) because no one knows what will be needed. Mr. Nicewarner indicated the facility would be fully taxed at this point in time so there would not be the need for a PILOT. Costs could be projected when the stadium is nearing completion.

Councilmember Bruchey stated there will be additional costs and taxpayers should not have to cover those costs. Senator Corderman's recommendation of negotiating the costs involved would provide time for a PILOT to be developed. He recommended including the stadium site, the Cultural Trail and the Museum in the A&E District. Over the next 2 years it will be known what services are needed for events and costs can be discussed at that time.

Councilmember Aleshire pointed out staff clearly stated that an expansion of the A&E District would be as extensive as a redesignation. He does not want to include the stadium site now because the costs are not known.

Mayor Keller recommends including that site now. The Mayor and City Council would have the opportunity to adjust the boundary and remove it later, if they wished to.

Councilmember McIntire and Councilmember Bruchey support the proposed area as submitted.

Councilmember Bruchey pointed out the facility will be fully taxed as it is a for-profit entity. If it is included in the A&E District, it would not be subject to the A & A tax.

Mr. Nicewarner stated any tax credit would not be for the whole property area. It would be for the area of improvement that is used for the arts.

Councilmember Aleshire stated the level of services required also has to be considered. He estimates the City would lose \$ 1 million in revenue. It is important for the Council to understand during the first 10 year period the loss will be roughly \$ 1 million annually.

Councilmember Bruchey stated that is possible, unless there is an agreement to cover lost revenue.

It was the general consensus to move forward with the next steps for redesignation of the A&E District.

Clara Barton Memorial

Rodney Tissue, City Engineer, was present to review the Clara Barton Memorial project. As a follow-up to the October 19, 2021 discussion, the Mayor of the City Council endorsed a proposal from the Clara Barton Memorial Committee for the construction of a memorial that honors Clara Barton at the City-owned land at 319 Summit Avenue adjacent to the Cultural Trail. To formally accept and approve this proposal, the City Council would need to approve agreements (developed by the City Attorney) with artist Toby Mendez and others.

Based on the public meeting discussion of February 10, 2022, staff understands that the City will develop a plan for the rest of the triangle to add an interactive art piece related to innovation/history of the City.

If the Council wishes to accept this proposal, staff recommends approving a Site Construction Agreement and an Artwork Donation Agreement.

Funding for the City's \$ 53,000 construction portion of the project would be included in the FY23 capital budget that the Mayor and Council will review in the coming months. If approved, those funds would be available starting in July, 2022. Other than engineering (estimated at \$ 7,000); the City would not expend any of the \$ 53,000 in capital funds until the Committee has raised their \$ 550,000 share of the project funding.

Staff will return at a later date with a plan for the rest of the triangle as described above.

Councilmember Aleshire stated it was a good discussion last week. He wants to make sure there is good visibility on the two streets coming into the circle.

Al Martin, Treasurer, reported the Committee has made good progress in fundraising through the Community Foundation. Both Senator Corderman and Delegate Thiam submitted and supported a bond bill today for additional State funding. The Committee will be asking the County Commissioners to consider providing funding from the hotel/motel tax funds. This will be a wonderful memorial to Clara Barton and will be outstanding for the community to enjoy for many years.

Toby Mendez, artist and sculptor, stated the momentum for this tribute is measurable. There is a great deal of support from the nursing community. The Committee received a \$ 25,000 check they were not expecting.

Tom Riford, Maryland Office of Tourism, stated it is a pleasure to work with world renowned sculptor, Toby Mendez, again. This is a perfect project to honor Clara Barton and all medical professionals on the front lines day and day out. In addition to Senator Corderman's and Delegate Thiam's support, the full Washington County Delegation

approved the bond bill. He noted this year is the 160th anniversary for the Battle of Antietam. It would be nice to unveil the mud sculpture this year. He also noted Clara Barton's 200th birthday is next year.

It was the general consensus to include approval of any agreements necessary to move forward on this project on the February 22, 2022 Regular Session agenda.

CITY ADMINISTRATOR'S COMMENTS

Scott A. Nicewarner, City Administrator, reminded everyone City offices will be closed on Monday, February 21, 2022 in observance of President's Day. There will be no change in the garbage collection schedule.

MAYOR AND COUNCIL COMMENTS

Councilmember S. McIntire had no additional comments.

Councilmember R. E. Bruchey, II pointed out the conversations during this meeting show how much the City is moving forward and progressing and getting things accomplished.

Councilmember T. Burnett had no additional comments.

Councilmember K. B. Aleshire stated there was a serious accident on Virginia Avenue last week. His daughter had been walking in that area just a half hour before the accident. He urged people to slow down while driving.

Councilmember T. Martinez read a poem written with students at Northern Middle School about Tuesday.

Mayor E. Keller thanked the A&E Advisory Council and Main Street Group for the joint lunch and for sharing their ideas. Secretary Peters was in Hagerstown last week and provided information about the ARC money that is available.

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 5:10 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: March 22, 2022