

EXECUTIVE SESSION AND WORK SESSION – April 12, 2022

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Mayor Keller called the Executive Session to order at 3:04 p.m. She announced that the business proposal review has been removed from the Executive Session agenda.

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 of members present to meet in closed session to consider the acquisition of real property for a public purpose and matters directly related thereto; (#3) (Section 3-305(b)), on Tuesday, April 12, 2022 at 3:04 p.m. on Tuesday, April 12, 2022 at 3:04 p.m. in the Council Chamber, 2<sup>nd</sup> floor, City Hall, Hagerstown, Maryland.

The following people were in attendance: Mayor E. Keller, Councilmember R. E. Bruchey, II, Councilmember T. Burnett, Councilmember T. Martinez, Councilmember S. McIntire, City Administrator Scott Nicewarner, City Attorney Jason Morton, City Attorney Ann Rotz, Michelle Hepburn, Chief Financial Officer, Eric Deike, Director of Public Works, Rodney Tissue, City Engineer, Jill Thompson, Director of Community and Economic Development, Wes Decker, Communications Manager, and D. K. Spickler, City Clerk. Councilmember K. B. Aleshire was not present.

The meeting was held to discuss acquisition of a downtown property. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:19 p.m.

WORK SESSION – April 12, 2022

Mayor E. Keller called this Work Session of the Mayor and City Council to order at 4:00 p.m., Tuesday, April 12, 2022 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers R. E. Bruchey, II, T. Burnett, T. Martinez, and S. McIntire, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler. Councilmember K. B. Aleshire was not present.

2022 National Pike Festival Event

Chad Walker, National Pike Festival Secretary and Treasurer, was present to provide information regarding the 2022 National Pike Festival. The Festival will take place from May 20, 2022 to May 22, 2022. The weekend of the event, a wagon train travels 32 miles from Clear Spring, Maryland to Boonsboro, Maryland and re-enacts how it was to travel The National Pike, “The Road that Built America” from East to West. Each year they have about 15-20 wagonettes and 45-100 outrider/horseback riders participate.

This event is heavily attended along the entire route and provides education as to how people lived and traveled in the early days. Their organization is important in many ways, including showing how it was to travel in the late 1800’s – 1900’s and how goods were transported. The organization also provides a \$ 500.00 scholarship to a Washington

County Public School Student to further their education in Agriculture, Agronomy, Bio-Chemistry, Chemistry, Horticulture, or other related fields.

Mr. Walker asked if the City of Hagerstown could provide potable water for their horses at City Park on Saturday, May 21, 2022. Mr. Nicewarner will find out if this is possible. Councilmember Bruchey asked if the fire department could provide a tanker for the water. Chief Lohr will find out.

The cost for the National Pike Festival and James Shaul Wagon Train is \$ 8,249.00. Expenses include paying for police coverage (through the Washington County Sheriff's Department). There are funds to help offset some of the costs from County hotel/motel revenue. Boonsboro and Funkstown have both agreed to provide \$ 500.00. The group applied for a grant from the Community Foundation but were denied. He asked if the City of Hagerstown would be able to provide any funding support.

Mayor Keller asked Mr. Walker to discuss funding possibilities with Jill Thompson, Director of Community and Economic Development.

### FY23 Budget Review

Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager, were present to review the FY23 Proposed Budget.

The 2023 Constant Yield Tax Rate (CYTR) notice from the State Department of Assessments and Taxation (SDAT) indicates a July 1, 2023 constant yield tax rate of \$ 0.9978 per \$100 for all classifications excluding Apartments and tax rate of \$1.0095 per \$100 for Apartments Only would fully offset the effect of increasing assessments. The CYTR is the calculated amount needed to maintain the current revenue levels in the next fiscal year and is based on estimates. The total amount reflected by SDAT as the CYTR is lower than the current real estate tax rate charged. This simply means the current rates reflect growth of 0.6% in assessed values will occur which would generate approximately \$ 167,700 more in revenue than the current fiscal year if the tax rate remains the same.

FY23 is the third year of the triennial assessment period which means that real estate market values will be reassessed again in December, 2022. In addition, there have been some new developments, as well as renovations within the City's enterprise zone area. Based on the current data available from SDAT, the City anticipates there will be overall growth of 3.5% in property tax revenue dollars. The assessed values and resulting revenues are primary funding sources for most of the governmental services that are provided by the City. The majority of all revenue in the City's General Fund is from total property revenue which includes personal property tax.

While property tax revenue is important to City operations it impacts all citizens and business owners. The City strives to be fiscally prudent while balancing the needs of the surrounding community.

There is exciting momentum for the construction of a new indoor sports complex, the Hagerstown Field House, in the eastern section of the City. This project is indicated to span three fiscal years, with a projected opening in the Fall of 2024. The project began in FY22 with multiple study and design phases. Eastern Sports Management, the City's partner, conducted several public session meetings as well as interviewed various community stakeholders for input. At this time, the primary funding source for the \$ 22 million Field House will be bond issues. However, City leadership has started to research and lobby for support from others, including the State of Maryland, to partner in this community endeavor.

This is one of the largest projects the City has undertaken on its own in many years.

The American Rescue Plan Act of 2021 provided the City of Hagerstown a total of \$ 20.4 million. \$ 10.2 million was received in May, 2021, and the remaining \$ 10.2 million in funding is scheduled to be received in May, 2022. The funding must be spent or appropriated by December, 2024.

During FY21, Premium Pay was provided to employees from the ARPA funding. Expenditures anticipated in FY22 and FY23 include a Grant Coordinator Position, grant equipment, software and supplies, police body worn camera maintenance costs, acquisition of 32 N. Potomac Street property, fire ladder truck, equipment for the ice rink, a backhoe for Public Works/Parks, citywide software Office 365 implementation, citywide phone system upgrade, police and fire range target system, fuel station management and tank gauge system, partial funding for the Professional Court extension, and a natural gas generator for fire facilities.

The City has a Fund Balance/Retained Earnings policy and adheres to and remains within key guidelines of this policy. The City does not utilize fund balance reserves for recurring operating type of expenditures. However, the city may utilize General Fund balance reserves when balances exceed the policy limits for capital infrastructure needs.

As a result of proposed General Fund surplus and approved capital utilization, the FY23 Proposed Budget does include the appropriation and reallocation of General Fund reserves as a means to reduce General Fund direct transfers to CIP and to help balance the budget. The balance of previously approved fund balance utilization included is \$ 0.5 million to fund a variety of needs across General Fund departments. As a result of an unanticipated FY21 surplus due to federal dollars, there is planned utilization of \$ 2.3 million new fund balance monies in the FY23 budget. Finally, there is additional utilization suggested as many priority items are happening at the same time and bond capacity is being reserved for the Hagerstown Field House and the third parking deck. Detailed information for each project can be found in Section 7 of the budget book under the CIP projects.

Ms. Hepburn is recommending utilizing \$ 3.6 million in fund balance reserves to fund a number of infrastructure projects. She also recommends reserving \$ 750,000 for design of a new fire station.

The FY23 proposed budget includes 441 funded fulltime positions with 303 in the General Fund and 138 in other funds and operations. Additionally, there are 42 unfunded positions with 30 unfunded in the General Fund and 12 unfunded in other funds and operations. The changes in staffing in the General Fund include: 1 part-time to full-time position in Code Administration; 1 part-time to full-time position in Support Services; 1 new full-time ARPA Grant Coordinator in Finance; and unfund 7 vacant sworn positions in police. All of these full-time changes were approved by the Mayor and Council in FY22. Subsequent to finalizing the budget document, Community and Economic Development requested the conversion of 1 part-time position to full-time, which is shown as part time in the proposed budget.

Total proposed revenue is \$ 54,747,869. The majority of General Fund revenue is property taxes (64.2%).

Proposed expenditures are \$ 54,746,102. The Police Department FY23 proposed budget includes an increase of 9.6% or \$ 1.4 million. The majority of this increase is due to the elimination of eight full-time vacant police officer positions and one part-time crime lab scientist position to offset salary enhancements that average approximately 10.0% for increases provided in FY22. In addition there are salary enhancements for ongoing union negotiations, growing overtime, and associated benefit costs.

Fire is anticipated to be 4.0% or \$ 365,600 higher than the FY22 budget. The majority of the increase is related to FY22 wage reopener salary enhancements provided. In addition, fire now has 1 part-time position for Fire Plans review.

The FY23 proposed budget for Debt Service is estimated to be \$ 684,300 lower than the FY22 budget. This reduction includes no new bond issues in FY22 as originally estimated; continued payments or principal on current issues, several issues paid in full, and no new issues for FY23.

Capital Transfers to Other Funds includes an increase of 74.6% or \$ 908,700 in the FY23 Proposed Budget. This increase over the prior budget reflect utilization of operating pay-go revenue at a higher level versus reliance on new bond issues for capital infrastructure and project needs.

Th FY23 Proposed Budget for Fund Balance Transfers reflects an increase of 173.4% or \$ 2.3 million. The FY23 Budget utilizes new fund balance reserves and reflects the spending for the remaining balance approved during the prior budget that was not completed.

Contracted services is projected to increase by 4.8% as a result of the increased trash services fees, credit card transaction fees, and a police speed camera contact. Staff is seeing more activity with the new payment portal and people are using credit cards to pay their bills.

Capital Transfers to Other Funds is projected to increase by \$ 908,700 or 74.6% as more infrastructure and capital projects will be funded with operation pay-go revenue in FY22 rather than relying on fund balance reserves to fund.

The \$ 2.3 million increase in Fund Balance Transfer to CIP Fund reflects the utilization of the remaining prior year's approval for fund balance reserve utilization for one-time infrastructure and capital projects. In FY23, more funding for capital projects is needed in additional reserve funds.

Section 2 of the budget shows individual revenue and expenditures for each General Fund department. Ms. Hepburn noted the beginning fund balance is projected to be \$ 14.1 million, which is 26.5% of the operating budget, or just over 3.1 months of operations.

#### Update on Wheaton Park Improvement Project

Rodney Tissue, City Engineer, and Jonathan Kerns, Community Development Manager, were present to provide an update on the progress of Phase I improvements at Wheaton Park.

City Council authorized the design of the Phase I improvements in late December of 2021. Mahan Rykiel and Triad Engineering were immediately hired to complete the Phase I improvement plans that includes the parking lot, misting pad, plaza, sidewalk and storm drain on Charles Street and the removal of the residential building. The plans are 70% complete and the design is ongoing.

The next step is submitting and obtaining approval from the Planning Commission and finalizing the plans. This will take about six to eight weeks. Therefore the realistic goal is bid the contract in June or July and construction this fall.

Since the Wheaton Park Project will utilize Federal Community Development Block Grant (CDBG) funds, the City must complete a CDBG "Environmental Review" of the project prior to contractor/construction bidding and groundbreaking.

With the demolition of a "contributing" structure within a recognized historic district being part of the project, the CDBG Environmental Review process has taken additional time due to relevant Section 106 Historic Preservation regulations.

A list of required steps related to Section 106 compliance and their status is included below:

1. Project concept plan sent to Maryland Historical Trust (MHT) for Review – Completed in January, 2022 with "adverse effect on historic properties" finding by MHT – It was noted the Mayor and City Council have the ultimate decision on the removal of the structure, regardless of the MHT consultant's findings.

2. Consultation with MHT and interested consulting parties (typically historic preservation organizations/entities) on proposed project plan – completed February/March 2022
3. Consultation with Federal Advisory Council on Historic Preservation (ACHP) – in progress with expected completion by the end of April 2022
4. Memorandum of Agreement (MOA) between City of Hagerstown and MHT to document mitigation measures offsetting loss of structure (e.g. interpretive markers, photo documentation, etc.) – in progress with expected completion in early to mid-May 2022

After the MOA between the MHT and the City is executed, DCED staff will finalize the overall CDBG environmental review documentation which involves these steps:

1. Advertising a Notice of Intent to “Request a Release of CDBG Funds” for the project – 7 day local comment period anticipated in late May 2022
2. Submission of the Request for Release of CDBG Funds to HUD Baltimore Office -additional 15 day comment period anticipated in late May/early June 2022
3. HUD Baltimore returns executed Release of Funds Document to the City – anticipated in mid to late June 2022
4. Advertisement of Bid/Contractor Solicitation can begin after receipt of the Release of Funds document

The CDBG environmental review process should be fully complete to allow for project bidding in June or July 2022. This timing aligns with construction document preparation.

Councilmember Burnett reiterated the project is moving forward and will continue. Mr. Tissue indicated that is correct. He would be interested in working with folks in the community to put together the interpretive plaques. Photos would also be nice to include.

Councilmember Burnett thanked staff for working through all these steps. She is encouraged that everyone is working through the process.

Mr. Kerns noted that \$ 318,000.00 will be available for the project in FY23.

Public Hearing Follow-Up – Eklund Family LLC Local Conversion District Overlay (LCDO) at 4 Cypress Street

Megan Flick, Planner, was present to review public input received for the Eklund Family LLC Local Conversion District Overlay (LCDO) at 4 Cypress Street. The Local Conversion District is a type of rezoning overlay that allows use of non-conforming small properties in residential districts for a variety of commercial or mixed-use activities.

The property is an existing mixed-use building located on the corner of Cypress Street and Potomac Avenue. It is currently occupied by one dwelling unit and one office space. The applicant wishes to expand the permitted commercial uses for that office space to include the following uses: professional offices; administrative support offices, business

and professional offices, ambulatory health care services, scientific and technical services. Catering kitchens was struck from the list of potential uses.

The Planning Commission express no concern over the applicant's proposal to install additional parking. There are no other specific requests or recommendations from the Commission aside from requiring a site plan for the parking proposal.

The Planning Commission received the following public input at their public review meeting:

1. Edward Little, 8 Cypress Street – Not opposed to the proposed overlay, but has concerns about the traffic impacts from when it was previously a dental office and the littering by clients as they waited to enter the building during COVID. The street parking by the dental clients created conflicts for the neighborhood. If they do not build the proposed parking lot it will be a problem.
2. Brenda Little, 8 Cypress Street – repeated concerns about parking and littering.

The Planning Commission made a positive recommendation to the Mayor and City Council regarding approval of this rezoning overlay. No public input was received at the Mayor and City Council public hearing.

It was the general consensus of the Mayor and City Council to move forward with the LCDO for 4 Cypress Street. The ordinance is scheduled to be introduced on April 26, 2022 and approved on May 24, 2022.

#### Hagerstown-Washington County Convention and Visitors' Bureau Request for American Rescue Plan Act (ARPA) Funding

Dan Spedden, President of Hagerstown-Washington County Convention and Visitors Bureau, was present to discuss a proposal for use of American Rescue Plan Act (ARPA) funds to boost the tourism economy in Hagerstown.

The allowable uses of Coronavirus State and Local Fiscal Recovery Funds include aid for tourism, travel, and the hospitality industry. Visit Hagerstown provides marketing, advertising, and sponsorship money to 125+ tourism members and enterprises in the City of Hagerstown. The result of their work at Visit Hagerstown is the delivery of customers to the door of the tourism enterprise partners.

Previously received CARES Act funds aided the CVB to utilize funds that closely matched the annual marketing and production budgets for 2020 and 2021.

Herd immunity to COVID-19 is accelerating through vaccinations, and pent-up demand for travel is mounting.

Funds requested will promote safe travel and will target markets within a 4-hour drive. The CVB will continue to promote road trips, outdoor recreation, the Scenic Byways, and exploration and museums and historic sites.

Mr. Spedden stated they are requesting funds in the amount of \$ 250,000 via a grant to Visit Hagerstown from the American Rescue Plan Act for the ability to do the following:

1. Amplify advertising in digital, print and video utilizing Governor Hogan's Open for (fill in the blank) tagline, reaching targeted tourism audiences to continue awareness-building and capture more visitors to businesses in Hagerstown. Estimated Cost: \$ 150,000
2. Fulfill the large quantity of event sponsorships they receive annually to help planners resume tournaments, arts, social, and other events (both current and new), to ensure their success. Estimated Cost: \$ 25,000
3. Assist the World Canal Conference with costs associated with costs incurred in downtown locations where the conference is occurring. Estimated Cost: \$ 25,000
4. Printing of various brochures (i.e.: Hagerstown Underground Railroad, Maps, etc.) Estimated Cost: \$ 25,000

They would use only Hagerstown-based businesses as much as possible: Manning Media, High Rock Studios, Scantner Photography, Herald Mail Media, Tri-State Printing and more as needs for production arise. The CVB will not spend these funds on operations. Their intent in asking for the funds are to assist members and all businesses within City limits by advertising the events, amenities, and offerings.

Councilmember McIntire asked if Washington County had provided any funds. Mr. Spedden indicated the CVB received \$ 500,000 from the County's ARPA allocation. He stated if this request is approved, the funds will be used to specifically serve the City.

Mayor Keller noted the City is in the process of hiring a new position for Main Street and they have discussed working closely with the CVB. Mr. Spedden stated there would be great benefits from a partnership with the CVB. It would be instant success for events in particular.

Councilmember McIntire stated using the same branding in connection with all functions will enhance visibility and interest.

Mayor Keller indicated this request will be discussed during a future ARPA review.

#### AFSCME Local 1540 and AFSCME Local 3373 Labor Contract

Don Francis, Director of Human Resources was present to discuss the AFSCME Local 1540 and AFSCME Local 3373 Labor Contracts.

The City's negotiation team has reached a tentative agreement with Local 1540. This collective bargaining agreement was voted on and ratified by the union's membership on March 28, 2022. If the Mayor and City Council find the tentative agreement acceptable, it will be scheduled for a formal vote during the Regular Session on April 26, 2022. Mr. Francis recommends the Mayor and Council approve and adopt this collective bargaining agreements. He provided an attachment which contains a summary of the agreement. Significant changes include a wage increase of 3% for the next three years, safety

equipment reimbursement, slight change to the shift differential, added a longevity step at 28 years, and rearranged the step increases.

The cost of the FY23 3% wage enhancement is \$ 294,838 (\$ 112,172 is from the General Fund).

Mr. Francis reported the City's negotiation team has reached a tentative agreement with Local 3373. This collective bargaining agreement was voted on and ratified by the union's membership on March 28, 2022. If the Mayor and City Council find the tentative agreement acceptable, it will be scheduled for a formal vote during the Regular Session on April 26, 2022. He recommends the Mayor and Council approve and adopt this collective bargaining agreement. He provide an attachment that contains a summary of the agreement. During the wage reopener, the number of position was decreased by 5 officers and 1 command staff position. The department will continue to hire new officers. If the manning cap is reached, staff will return to discuss changes with the Mayor and City Council. The pay scale was modified, covered court time was increased, field training officer pay was adjusted, and a number of small changes and adjustments were made in the contract language.

The cost of the FY23 wage enhancements to the General Fund is \$ 395,429 (plus benefits costs of \$ 164,000) (67 sworn officer positions) and the cost was offset by the elimination of an additional 5 officer positions.

Mr. Francis thanked both sides of the negating teams. They worked hard to get the contracts completed.

Mr. Nicewarner noted it used to be the City was only in a labor pool battle with police departments, now it is across the board, Citywide. The only way to remain competitive is to recognize it is difficult to fill many City jobs, not just police officer positions. He realizes no one wants to raise taxes so the City has to find a better way to do things that aren't as costly. Staff reviews operations every day and will continue to do so. They use the Mayor and City Council's strategic plan as a road map.

He appreciates Allen Largent's leadership with local 1540 and appreciates what the police department was willing to give up to get to the acceptance of the contract. The City needs to retain quality employees and to recruit quality candidates. He is hopeful IAFF and IBEW will be able to approve their contracts soon. He thanked Mr. Francis and the negotiating team for their work.

#### Approval to Submit Application for Maryland SOLE Grant Funding

Nathan Fridinger, Electric Operations Manager, was present to discuss the Maryland SOLE Grant Funding program.

The Maryland Energy Administration is seeking applications from Maryland nonprofits, state agencies, counties, and incorporated cities, public and private schools and community colleges for the FY22 Streetlight and Outdoor Lighting Efficiency

(SOLE) pilot program for conversion of outdoor High Intensity Discharge (HID) lighting to Light-Emitting Diode (LED) technology. A total of \$ 2 million is being offered on a first-come, first-served basis with a cap of up to \$ 500,000 per application due by April 28, 2022.

Staff is requesting approval to apply for a grant amount of \$ 358,823.17, with the total project cost being \$ 422,144.90. Per the terms, a 15% contribution amount of \$ 63,321.74 will be required. The Light Department will donate \$ 44,250.30 in labor charges, leaving a remainder of \$ 19,071.22. Following completion, a projected annual energy savings of \$ 37,652.83 to the General Fund is anticipated.

There is a chance of exclusion as per the grant terms, “upgrades of utility-owned fixtures of any kind are not eligible for finance under this program’s FOA” however, staff would like the opportunity to reuse these funds under the assumption that municipal utilities may not have been considered while these terms were drafted.

A total of 607 fixtures have been identified to be replaced. Councilmember Bruchey asked if lights can be added on South Potomac Street. He noted Woodland Way is also dark. Mr. Fridinger stated the department will review these areas.

It was the general consensus to allow staff to apply for the grant now and to include formal approval on the April 26, 2022 Regular Session agenda.

### **CITY ADMINISTRATOR’S COMMENTS**

*Scott A. Nicewarner, City Administrator*, reminded everyone the drive thru egg hunt will be held on Thursday, April 14, 2022 at Fairgrounds Park. The Rock the Run 5k will be held on April 23, 2022. The Hub City 100 Miler finish will be held on April 23, 2022 as will Arbor Day and Earth Day celebrations.

### **MAYOR AND COUNCIL COMMENTS**

*Councilmember T. Martinez* had no additional comments.

*Councilmember T. Burnett* had no additional comments.

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

*Councilmember S. McIntire* welcomed GMG Home Health Care to Hagerstown. They held their grand opening earlier today. They are located at Mulberry Lofts.

*Mayor E. Keller* noted yesterday was Sine Die, the end of the Maryland Legislative Session. She congratulated the City’s lobbyists, Senator Paul Corderman, and Delegate Brenda Thiam for securing \$ 3 million in funding for the Hagerstown Field House.

Horizon Goodwill has requested a letter of support of their request of \$ 75,000.00 appropriation to the Department of Health and Human Services Substance Abuse and

Mental Health Services Administration. It was the general agenda consensus of the Council to send the requested letter.

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 5:04 p.m.

Respectfully submitted,

*Original signed by D. K. Spickler*

Donna K. Spickler  
City Clerk

Approved: May 24, 2022