

EXECUTIVE SESSION, WORK SESSION, AND SPECIAL SESSION (40TH VOTING SESSION) – May 10, 2022

EXECUTIVE SESSION – May 10, 2022

Mayor Keller called the Executive Session to order at 4:04 p.m.

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 conduct collective bargaining negotiations or consider matters that relate to the negotiations; (#9) (Section 3-305(b)), to discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including: (i) the deployment of fire and police services and staff; and (ii) the development and implementation of emergency plans; (#10) (Section 3-305 (b)), to consult with counsel to obtain legal advice; (#7) (Section 3-305(b)); and to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; (#1) (Section 3-305(b)), on Tuesday, May 10, 2022 at 4:04 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 S. McIntire, City Administrator Scott Nicewarner, Michelle Hepburn, Chief Financial Officer, Don Francis, Director of Human Resources, Nancy Hausrath, Director of Utilities, Nathan Fridinger, Electric Operations Manager, Jim Snyder, Information Technology Manager, Wes Decker, Communications Manager, and Donna K. Spickler, City Clerk. Councilmember T. Martinez was not present.

The meeting was held to discuss a union contract, newly implemented enhanced security measures, legal advice on a potential contract, and the City Administrator's compensation per the employment contract. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 4:49 p.m.

WORK SESSION AND SPECIAL SESSION (40TH VOTING SESSION) – May 10, 2022

Mayor E. Keller called this Work Session and Special Session (40th Voting Session) of the Mayor and City Council to order at 5:01 p.m., Tuesday, May 10, 2022 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, R. E. Bruchey, II, T. Burnett, and S. McIntire, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler. Councilmember T. Martinez was not present.

Special Recognition: Antietam-Conococheague Watershed Alliance

Mayor Keller presented a Certificate of Special Recognition to the Antietam-Conococheague Watershed Alliance (ACWA) for their efforts to raise awareness about

the importance of preserving, protecting, and restoring the environment.

David Biser, ACWA, accepted the certificate.

Branding and Imaging Project Update

Scott Nicewarner, City Administrator, stated the Branding and Imaging Project contract was awarded to Guide Studios earlier this year. Guide published a perception survey to start the project. He was pleased to see more than 1,000 people responded to the survey. The vast majority of the responses appear to be legitimate.

Guide representatives were in Hagerstown for two days in April. During that time, they met with a steering committee, comprised of leaders in Hagerstown, met with a larger group of stakeholders, and took a tour of the City. Guide has reached out to others by ZOOM for their input as well.

Guide will continue with interviews with stakeholders. After they accumulate the data, they will meet by ZOOM with the steering committee to discuss the results and the branding and identity moving forward.

An update with Guide will be scheduled during a June or July Work Session. The update will include their plan for an implementation strategy and design work and a request for the Mayor and City Council's input.

Mr. Nicewarner is hopeful that by the end of the summer, the City will be able to start integrating the branding and imagining into every day operations and interactions. Guide has been great to work with. They knew a lot about Hagerstown before the visit. The discussions have been engaging and positive.

Mayor Keller agreed that Guide representatives are very thorough and came prepared. A lot of great conversation happened during the two days they were in Hagerstown.

Councilmember McIntire asked if the Hagerstown Youth Council will be included in the discussions. Mr. Nicewarner stated they might be in the next on-site visit.

FY23 Budget Review

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

Capital Improvements Projects (CIP) for the Utility Enterprise Funds begin on Page 109, of Section 7 of the Proposed Budget. Planned projects include the following:

1. Vehicles (Electric and Wastewater)
2. Meter Replacement (Electric)
3. Replace roof and gutters on operations building (Water)

4. Edgemont Reservoir Improvements (Water) – this project will be partially funded from the Water Fund and from the Maryland Department of the Environment (MDE)
5. Mack Water Tank Replacement (Water) – anticipated funding was originally from the American Rescue Plan Act (ARPA) funds. The replacement was later determined to be a lower priority due to other projects in Wastewater that serve citizens more than the water tank.
6. East End Pump Station 3 (Wastewater) – funded through ARPA
7. Western Maryland Parkway Pump Station 13 (Wastewater) – part of the Combined Joint Services Agreement with Washington County

The Wholesale Power Contract is the leading impact for charges to City light customers. The current contract is in place through May, 2024. There is very little on the expense side that is not tied to this agreement. There are no anticipated changes in staffing. A deficit of \$ 186,000 is anticipated in the Electric Fund. For the first time, outyear projections do not include additional rate increases. If nothing else changes, the anticipated deficit will reach \$ 1.5 million and a negative cash balance by 2026.

Mr. Nicewarner asked how a negative cash balance can be reversed. Ms. Hepburn pointed out the General Fund cannot provide subsidies to utilities. The service area cannot expand beyond the boundary set in the 1940's or 1950's by the Public Service Commission. An option is to review rates or consider privatizing the electric utility.

Nancy Hausrath, Director of Utilities, pointed out the last rate increase was in 2005 or 2006.

A rate model study was completed by a contractor for the Water and Wastewater Fund. The established rates are good through FY24 and will keep the funds self-supporting. No additional staff is anticipated. Deficits are anticipated; however the service fees and customer fees will cover the costs of several large projects. In addition, Wastewater projects are also funded by other sources.

Councilmember Aleshire is concerned that projects outside the City limits will have a negative effect on the cash balance. He stated it is difficult to comprehend that the payers outside the boundary would not be paying for the specific projects.

Ms. Hepburn stated the focus will be on transmission mains or the Edgemont Reservoir. All the large projects can't be funded within a three year period.

Councilmember Aleshire understands the need to expand and fix Edgemont. As development keeps occurring outside the City limits, it tells him that Edgemont is critical as an additional resource.

Ms. Hausrath, Director of Utilities, stated staff will be reviewing benefit fees because outside customers pay the same as inside customers. A five year rate plan, especially for benefit fees, needs to be reviewed.

Councilmember Aleshire finds it troubling that inside customers pay the same as outside customers.

Ms. Hausrath indicated Wastewater is mostly supported by customers. Resource management and appropriate rates are needed. Washington County has to be a partner in some of the upgrades that serve outside customers.

Councilmember Aleshire stated new development outside the City limits can't be part of the debt obligation and receive the benefit of a declining scale for rates. He noted this information indicates there should be an urgency to review the rate schedules.

Review of the FY23 Proposed Budget will continue on May 17, 2022.

American Rescue Plan Act of 2020 (ARPA) Allocations and Update

Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager, were present to discuss ARPA funding status and the overall allocation plan.

City staff has provided summary ARPA funding data from previous meeting discussions, prior approved commitments, proposed items in the FY23 budget, and the Mayor and City Council strategy direction in December. Staff seek Mayor and City Council permission to move forward with the initial allocation plan and return in the future with updates and necessary reallocations and changes to the plan. The allocation plan is a guideline and will include changes as priority items are brought in future meetings for individual approval.

The City of Hagerstown received an allocation of \$ 20.4 million in ARPA funds. The City received \$ 10.2 million in May, 2021 and anticipates receiving an additional \$ 10.2 million in May, 2022.

During previous discussions, the Mayor and City Council decided to designate 30% of the total allotment toward water, wastewater and stormwater capital projects.

The IRS established categories and the allocated amounts are as follows:

1. Public Health – \$ 1,264,000
Hagerstown Ice Rink, Purchase of 32 N. Potomac Street, Isolation/Quarantine Program (Goodwill)
2. Negative Economic Impact - \$ 0
3. Negative Economic Impact: Public Sector - \$ 26,675
2-Factor Authentication Software
4. Infrastructure - \$ 6,120,000
Pump Station #13, Pump Station #9/#33, Stormwater Project
5. Revenue Replacement - \$ 2,366,932
HFD Ladder Truck, Backhoe Purchase, Camera Truck, Roof Replacement at 60 W. Washington Street, HPD Body-Worn Cameras

6. Premium Pay/Administrative - \$ 2,441,000
Premium Pay (City Employees), Grant Coordinator

The categories and the proposed amounts for the remaining allocation are as follows:

1. Public Health - \$ 525,000
Behavioral and Mental Health
2. Negative Economic Impact - \$ 1,000,000
Increase educational/training opportunities for City residents, create home office space, support local artists and bands, blight eradication/affordable housing
3. Negative Economic Impact: Public Sector - \$ 90,000
Outreach coordinator position
4. Infrastructure - \$ 0
5. Revenue Replacement - \$ 6,566,393
Office 365 implementation, Citywide phone system upgrade, HPD Fire Range Target System, Fuel Station Management and Tank Gauge system, Professional Court Extension, HFD Natural Gas Generator, Placeholder for future governmental services needs
6. Premium Pay/Administration - 0\$

Ms. Hepburn stated the list will be updated with every expense as the projects move forward. This information will be posted on the City's webpage as well.

Councilmember Aleshire asked if the Negative Economic Impact category is for a specific period of time. Ms. Hepburn stated it could cover impacts that occurred outside the Federally established pandemic period. The funds cannot be used to replace dollars the City did not receive. For example the funds could not be used to replace revenue lost for hotel/motel tax. However, other revenue could be released by funding a project with ARPA funds.

Councilmember Bruchey asked if there an update for the 24 hour crisis center. Mayor Keller stated community partners continue to meet to discuss the center. Details for transportation is being worked through.

It was the general consensus of the Mayor and City Council to move forward with the projects as presented at this time.

Hagerstown-Washington County Convention and Visitors Bureau American Rescue Plan Act (ARPA) Funding Discussion

Scott Nicewarner, City Administrator, reminded the group Dan Spedden, Convention and Visitors Bureau, was present at the April 12, 2022 Work Session and made a proposal for use of American Rescue Funds to boost the tourism economy in Hagerstown. The Mayor and City Council had not included that category within their priority listing for the use of the ARPA funds provided to the City of Hagerstown; however, the Mayor and City Council could decide to utilize the unallocated balance for requests of this nature.

Michelle Hepburn, Chief Financial Officer, pointed out Federal regulations apply to the use of the funds, whether it is used by the City or provided to another organization to use. The City is obligated to confirm compliance to Federal regulations in the annual reports.

Mayor Keller reminded the group Mr. Spedden's request is for \$ 250,000 to promote tourism and to help promote events.

Councilmember Aleshire stated he would consider providing \$ 75,000, as the City is roughly 25% of the County's total population.

Councilmember Bruchey asked if the CVB had made a similar request to Washington County. Mayor Keller stated they did and she recalls the amount provided was \$ 500,000. Councilmember Bruchey stated this is a new program and it is not restricted through ARPA.

Mr. Nicewarner clarified the requested funds would be used to target markets within a 4-hour drive.

Councilmember McIntire wondered if using local media outlets will reach that radius.

Councilmember Bruchey recommended providing \$ 125,000 (which is 25% of the \$ 500,000 awarded from the County).

Councilmember Aleshire would not consider that amount. He doesn't believe other municipalities will be asked to contribute to the campaign. He pointed out City of Hagerstown citizens are contributing through the \$ 500,000 already awarded. He stands by his recommendation of \$ 75,000.

Mayor Keller understands the logic for either amount. Hagerstown is the largest municipality in Washington County and all the advertisements will have the City's name in them.

Councilmember McIntire wants consistency with the new branding initiative.

Councilmember Burnett, Councilmember McIntire, and Councilmember Bruchey, support providing \$ 125,000 in ARPA funding to the CVB for a media campaign.

Juneteenth Sponsorship Request

Jill Thompson, Director of Community and Economic Development, was present to discuss a sponsorship application and budget for the Juneteenth celebration in University Plaza June 17 – 19, 2022. The sponsorship request is for \$ 28,500 to aid in financing the event.

The City provided the Juneteenth event \$ 3,700 for the inaugural event, and budgeted the same amount for the 2022 event. This request is significantly above the budget

allocated for this event and significantly more than any other sponsorship approved by the City.

Ms. Thompson stated a process was created several years ago for event sponsorship requests. After an amount is awarded, the organizer provides a report from the event. In FY22, \$ 41,500 was budgeted for sponsorships and 18 events were supported.

Mayor Keller pointed out the City of Hagerstown does not have a discretionary fund like the County does and the City cannot afford to provide the full request of \$ 28,500. Mr. Nicewarner noted the County utilizes hotel/motel tax for this type of request, not the general fund. The County has provided a \$ 29,000 sponsorship for this year's Juneteenth celebration.

Councilmember Bruchey stated this event could be a tourism driver and there is ARPA money available but it should not come from the General Fund.

Councilmember Aleshire stated the funding would only last until there are no ARPA funds.

Mr. Nicewarner asked what happens in future years if this is funded through ARPA this year. He stated it needs to become a budgeted item from the General Fund.

Mayor Keller suggested the City increase the sponsorship of the event since it is the first year of it being a Federal holiday.

Michelle Hepburn, Chief Financial Officer, reminded everyone that ARPA funding also carries the requirement of extensive reporting. A subrecipient agreement would also be required.

Ms. Thompson stated there is a logistics meeting scheduled for this week. Lt. Renner has informed her that the Hagerstown Police Department is open to the organizer using a private security company rather than HPD officers. A private company may be more affordable.

Councilmember Burnett asked why security is required for this event. Ms. Thompson stated the Hagerstown Police Department recommends security on site at events where alcohol is served.

It was the general consensus to provide an additional \$ 10,000 sponsorship for the Juneteenth event. The funding source is General Fund, not ARPA funds.

This portion of the meeting was adjourned at 6:33 p.m.

A break was taken prior to the public hearing.

Mayor E. Keller called this Special Session (40th Voting Session) of the Mayor and City Council to order at 7:03 p.m., Tuesday, May 10, 2022 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, R. E. Bruchey, II, and S. McIntire, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler. Councilmember T. Martinez and Councilmember K. B. Aleshire were not present.

On a motion duly made by Councilmember R. E. Bruchey, II and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in Special Session at 7:03 p.m. on Tuesday, May 10, 2022 in the Council Chamber, City Hall, Hagerstown, Maryland.

Public Hearing: Charter Amendment Article VII, Section 717

A Public Hearing was held to receive testimony on the proposed amendment of Charter Article VII, Section 717 of the Charter of the City of Hagerstown.

Michelle Hepburn, Chief Financial Officer, stated the proposed amendment is intended to provide the City with flexibility regarding the issuance of general obligation debt, including (without limitation) by allowing general obligation debt to be sold at, above or below par value and for cash or other valuable consideration.

The proposed Charter Ament Resolution was introduced at the April 26, 2022 Council meeting. The Council is expected to consider the Charter Amendment Resolution for adoption, either in the format as introduced or as amended, at the May 24, 2022 Council meeting or a subsequent meeting.

There was no testimony presented, either in favor of or against the proposed amendment.

The record will be held open until May 20, 2022 to receive any additional written comments.

This portion of the Public Hearing was completed at 7:04 p.m.

Public Hearing: Real Property Tax Increase

A Public Hearing was held to receive comments on and to discuss the proposed tax rate for FY2022/23. Michelle Hepburn, Chief Financial Officer, was present for both this hearing and the proposed budget hearing.

Ms. Hepburn stated the Mayor and City Council for the City of Hagerstown, Maryland advertised the notice for this public hearing as follows:

The Mayor and Council of the City of Hagerstown, Maryland proposes to increase real property taxes. For the tax year beginning July 1, 2022, the estimated real property assessable base will increase by 0.4%, from \$ 2,574,577,580 to \$ 2,585,452,797. If the City of Hagerstown maintains the current tax rate of \$ 1.0020 per \$ 100 of assessment, real property tax revenues will increase by 0.4% resulting in \$ 108,970 of new real property tax revenues. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$ 0.9978, the constant yield tax rate. The City of Hagerstown is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City of Hagerstown proposes to adopt a real property tax rate of \$ 1.0020 per \$ 100 of assessment. This tax rate is 0.4% higher than the constant yield tax rate and will generate \$ 108,970 in additional property tax revenues.

The City of Hagerstown has a different rate for Apartments real properties. A chart showing the corresponding information for tax rates for those properties is included in the public notice.

There was no testimony presented, either in favor of, or against the proposed tax rates.

Ms. Hepburn reported the notice of this public hearing was published on April 19, 2022.

The hearing was closed at 7:06 p.m. The record will remain open for 10 days for additional comments.

Introduction of the Ordinance for the tax rate is scheduled for later in this meeting.

Public Hearing: Proposed Budget July 1, 2022 – June 30, 2023

A Public Hearing was held to receive comments on and to discuss the proposed budget for Fiscal Year 2022/23. The proposed budget is \$ 171,228,770. The General Fund total is \$ 74,684,777. Ms. Hepburn stated money in the general fund budget is received from property tax revenues, State Highway User Revenues, State Income Taxes, Licenses and Permits, Refuse Collection Fees, and other revenue. Expenditures include Capital Improvements, maintenance and repairs and material/supplies/utilities.

The Capital Improvement budget is \$ 15,777,925. The majority of the projects are funded with grants and bond proceeds. These funds are strictly restricted and cannot be used for other purposes.

Ms. Hepburn reported the Public Hearing Notice was published on April 19, 2022.

There was no testimony presented, either in favor of, or against the proposed budget.

The hearing was closed at 7:08 p.m. The record will remain open of r10 days for additional comments.

Introduction of the Ordinance for the proposed budget is scheduled for later in this meeting.

Introduction of an Ordinance: Tax Rates Beginning July 1, 2022

Action: On a motion duly made by Councilmember R. E. Bruchey, II and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote of all members present to introduce an ordinance to establish the City's tax rates for the fiscal year July 1, 2022 through June 30, 2023 on the basis of \$ 1.002 per \$ 100 of assessed value of all rea property excluding properties designated as Apartments which will be \$ 1.032 per \$ 100 of assessed value and \$ 2.505 per \$ 100 of assessed value of all business personal property within the City of Hagerstown. These rates are the same as current FY22 rates.

Introduction of an Ordinance: Budget FY2022/2023

Action: 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 of all members to introduce an ordinance to adopt the City's budget for fiscal year July 1, 2022 through June 30, 2023 in the total amount of \$ 171,228,770.

The Special Session was then closed.

CITY ADMINISTRATOR'S COMMENTS

Scott A. Nicewarner, City Administrator, asked for thoughts and prayers for John and Nina Crist who sustained serious injuries in a car accident. Mr. Crist is a City Deputy Fire Marshall.

The ribbon cutting for Hatter's Plaza will be held on Saturday, May 14, 2022. Barbara Ingram School for the Arts and the Washington County Museum of Fine Arts have planned a lot of fun activities for that day. The first concrete was poured at the skate park last week. The skate park is on schedule to open in July. Workshops are held at the Saylor House every Friday.

MAYOR AND COUNCIL COMMENTS

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

Councilmember T. Burnett had no additional comments.

Councilmember S. McIntire had no additional comments.

Mayor E. Keller announced the next Community Clean Up day will be Saturday, May 21, 2022 from 9:00 a.m. to 12:00 noon. Volunteers are welcome to help plant flowers that day as well.

She thanked Congressman David Trone for inviting her and her daughter to an event where they got to meet the President of the United States.

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 7:13 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: June 28, 2022