

EXECUTIVE SESSION, SPECIAL SESSION (65TH VOTING SESSION) AND WORK SESSION
APRIL 4, 2023
MAYOR AND CITY COUNCIL HAGERSTOWN, MARYLAND
EXECUTIVE SESSION, SPECIAL SESSION (65TH VOTING SESSION) AND WORK
SESSION – April 4, 2023

EXECUTIVE SESSION – April 4, 2023

Mayor Martinez called the Executive Session to order at 3:34 p.m.

On a motion duly made by Councilmember R. Bruchey and seconded by Councilmember S. McIntire, 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 proposal or industrial organization to locate, expand, or remain in the State; (#4) (Section 3-305(b)), on Tuesday, April 4, 2023 at 3:35 p.m. in the Council Chamber, 2nd floor, City Hall, Hagerstown, Maryland.

The following people were in attendance: Mayor T. Martinez, Councilmember K. B. Aleshire, Councilmember R. E. Bruchey, II, Councilmember T. Burnett, Councilmember S. McIntire, Councilmember M. J. Schindler, City Administrator Scott Nicewarner, Michelle Hepburn, Chief Financial Officer, Jill Thompson, Director of Economic and Community Development, Eric Deike, Director of Public Works, Christopher Siemerling, Economic Development Specialist, Doug Reaser, Economic Development Manager, and City Clerk Donna K. Spickler.

The meeting was held to hear a status update of a business proposal. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 3:38 p.m.

SPECIAL SESSION (65TH VOTING SESSION) AND WORK SESSION – April 4, 2023

Mayor T. Martinez called this Special Session (65th voting session) and Work Session of the Mayor and City Council to order at 4:03 p.m., Tuesday, April 4, 2023 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, T. Burnett, S. McIntire, and M. J. Schindler, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler. Councilmember R. E. Bruchey, II was not present.

On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember T. Burnett, the Mayor and City Council unanimously agreed by voice vote of all members present to meet in Special Session at 4:03 p.m.

Approval of an Ordinance: City of Hagerstown General Obligation Debt

Action: On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote of all members present to approve an ordinance authorizing City of Hagerstown to sell and issue from time to time, upon its full faith and credit, in one or more series (1) (A) general obligation bonds and (B) general obligation bond anticipation notes (“BANs”), each

in an original aggregate principal amount not to exceed \$ 10,600,000, and (2) general obligation refunding bonds in an original aggregate principal amount not to exceed 130% of the aggregate principal amount of any bonds being refunded. Proceeds of any such issued bonds, BANs or refunding bonds will be used to finance, reimburse or refinance costs (as defined in the ordinance) with respect to a project generally referred to as “Parking Fund – Parking Facilities – 3rd Parking Deck” (the “Project”). Any series of such general obligation bonds, BANs or refunding bonds may be issued as a single obligation in draw-down form and/or as an installment obligation.

The ordinance provides that before issuance of any such authorized general obligation bonds, BANs or refunding bonds, the Council must determine or provide for details of the issue by resolution.

Staff is hereby directed to work with the City’s financial advisor and bond counsel to develop and circulate an RFP to national and regional financial institutions for the sale of a series of BANs in a direct purchase transaction in order to provide interim financing for the Project (with bonds to be issued at a later date to provide long0term financing for the Project), and to develop the necessary detailed resolution and other documents relating to the BANs.

The Special Session was closed at 4:06 p.m.

Proclamation – Poetry Month

Mayor Martinez read a proclamation naming April, 2023 as National Poetry Month in Hagerstown, Maryland. The theme for 2023 is “Always be a poet, even in prose”. Angel Hart and Tony Williams accepted the proclamation.

Proclamation – CASA Sexual Assault Awareness Month

Mayor Martinez read a proclamation naming April, 2023 as Sexual Assault Awareness Month in Hagerstown, Maryland. Ashley Sizemore and Marsha Knoll accepted the proclamation.

National Pike Festival and James Shaull Wagon Train Foundation

Chad Walker, Secretary and Treasurer, was present to discuss the National Pike Festival that will be traveling through Washington County from May 19 to May 21, 2023.

The wagon train starts at the Clear Spring Volunteer Fire Company Bingo Hall on Friday, May 19 , 2023 and travels to Boonsboro Shafer Memorial Park by Sunday, May 21, 2023. Mr. Walker stated they are asking for permission to stop in front of the Maryland Theatre on Saturday, May 20, 2023 for about 10 minutes.

The National Pike Festive and James Shaul Wagon Train Foundation is asking the City to help offset costs of the event. Mr. Walker also asked if the Hagerstown Fire Department could again help with providing water for the horses.

Mr. Nicewarner will make the necessary contacts for the water and the stop at the Maryland Theatre.

It was the general consensus to provide \$ 500.00 toward the event, as requested.

Children in Need Presentation

Brittany Wedd, Executive Director, and Matt South, President, were present to provide information about the Children In Need program. Their vision statement is to give Washington County children an equal opportunity to learn, grow, and become productive citizens. Their mission is to provide each Washington County child living at or below the nationally recognized poverty level essential items and educational supplies to ensure their success in school.

The percentage of students in Washington County who qualified for the Federal Free and Reduced Lunch Program is 57.8%. Faced with rising costs of housing, food and energy, the high cost of shoes, clothes, school supplies, and hygiene products pose a challenge to many parents and impact students during back-to school season and beyond.

Without the appropriate clothing and supplies needed for school, many poverty-level children face embarrassment when it comes to attending school, which has long-lasting impacts. In lacking these basic needs, children develop low self-esteem and anxiety, are prone to illness due to lack of hygiene products, and are more likely to be bullied, act out during school, develop behavioral problems, miss school, and drop out.

Every child enrolled in Washington County Public School (WCPS), Head Start of Washington County, private schools that meet the “Free and Reduced Meals” criteria is eligible for services and from Children in Need. On behalf of their children, clients are eligible to visit the center once per month to receive clothing, toiletries, and school supplies.

Each week Children in Need, Inc. receives requests from WCPS school counselors, public/family liaisons, Public Personnel Workers (truant officers), the Homeless Services Coordinator, etc. They also receive requests from other local nonprofit agencies and DSS case workers for goods not usually donated to their facilities. Always, the child and his/her family are economically challenged or identified as needing immediate services due to challenges such as homelessness, domestic violence, fire, neglect, etc. These requests impact whether a child is able to stay involved in everyday school life. Ms. Wedd noted the services offered are near and dear to her heart as she and her sister were in foster care.

Children in Need depends on the volunteer efforts of many people in the community. Ms. Wedd is the only employee. There are 30 volunteers and a dedicated Board of Directors that make it possible to provide these services in the community.

Ways to get involved are volunteering, donating items, and contributing funds. People interested can contact Ms. Wedd at brittany@childreninneed.org. Items can be donated through the marked donation bins.

Mayor Martinez thanked Ms. Wedd for adding her personal experience to this discussion. As a foster kid herself she can relate to the challenges.

Ms. Wedd thanked the Mayor and City Council and City staff for their support of Children In Need over the last 25 years. She thanked Hagerstown for their support with grants, etc.

Proposed Zoning Revisions to Prep for Pending Cannabis Reform Bill

Kathleen Maher, Director of Planning and Code Administration, was present to answer questions about the proposed Land Management Code amendments currently pending with the Planning Commission, especially as it relates to revising the zoning ordinance to prep for the pending Cannabis Reform Bill.

On July 1, 2023, the State's Cannabis Reform Bill is anticipated to go into effect. This bill spells out new State code parameters related to cannabis, particularly the inclusion of adult-use (non-medical) cannabis enterprises. While the bill indicates that local government cannot establish zoning or other requirements that unduly burden a cannabis licensee, it goes on to say that a municipality may prohibit the operation of on-site consumption establishments ("marijuana cafes") or devise regulations effecting such establishments. The bill prohibits the mixing of tobacco and cannabis in on-site consumption establishments, such as vape or hookah lounges for tobacco, and prohibits the mixing of alcohol and cannabis in on-site consumption establishments, such as bars. The bill is setting up a micro-grower license for spaces that are 10,000 sq ft or less of plant canopy area. The bill also sets up a process for conversion licenses for existing medical cannabis growing, processing and dispensing operations. The bill also indicates a State plan to allow award of micro-dispensary licenses for operations that deliver only. Private growing in a residence will also be allowed for a certain number of plants. A mystery item in the bill is how the plan to award licenses based on social equity parameters will be implemented, specifically which jurisdictions might be considered "disproportionately impacted by the drug trade" and thus a priority for award of new licenses.

It is unclear at this point how many existing licenses might shift into the city or new licenses desire to locate in the City. The proposed amendments are intended to do the following:

1. Clarify what the City already permits –

- a. Specifically reference cannabis dispensaries and allow them where tobacco operations are allowed – CG, CR, PUD-V, and PUD-R with the existing 500 foot separation requirement between these uses. (Currently, medical cannabis dispensaries are interpreted as pharmacies and allowed anywhere retail is allowed.)
2. Limit existing non-cannabis uses to what they were intended for –
 - a. The definitions for hookah and vape lounges will have “and other substances” removed from their definitions so it is clear these on-site consumption facilities were and are still intended to be tobacco facilities.
3. Place limits on growing operations in the mixed-use downtown area (CC-MU) –
 - a. Remove CC-MU as permissible area for Indoor Plant Cultivation and Processing Facilities – and only allowed in POM, I-MU, IR and IG.
 - b. Allow in the CC-MU Small Indoor Plant Cultivation and Retail Facilities of 5,000 sq. ft. or less for vegetables, fruit, and herbs which would accommodate small edible food growing enterprises in the urban core food desert such as being explored by Horizon Goodwill.

There are three existing growers or processors in the City and they are located in industrial districts, so the proposed change to not allow these uses in the CC-MU does not affect them. There is one dispensary and it is located in the CR district and more than 500 feet away from the nearest tobacco store, so the proposed change to limit dispensaries to the CG, CR, PUD-V, and PUD-R does not affect them. There are four tobacco stores in the City which are in CG and CR zones and meeting the 500-foot separation requirement. There are no hookah/vape lounges in the City at this point.

The Planning Commission held their public review meeting on the proposed 2023 Land Management Code amendments on March 29, 2023. The local conversion district overlay amendment was requested by the owner of an existing local conversion district overlay (Dr. Eklund) and wrapped into the City’s amendment package. The dog day care amendment was requested by City Economic Development staff in response to interest from investors. The simplified plat amendment was proposed by staff to correct an inconsistency in the code. In advance of the public meeting, mailings on the proposed cannabis related text amendments were sent to the existing licensed growers, processors, and dispensary in the City. No testimony was received on any of the amendments in advance of the meeting or at the meeting. The Commission left the record open for 10 days.

Councilmember Aleshire stated the hypocrisy of legalizing cannabis use is nauseating. It appears the government is catching up with what is occurring in every part of the country and wants to be in charge of it. Approving any use of cannabis is a violation of the Oath of Office members of the Mayor and City Council took since cannabis use is still illegal per Federal laws. The pending law makes it seem like the State of Maryland is saying they don’t recognize the City’s Charter and are going to remove the Charter authority and dictate how the law is implemented. When cannabis use was pharmaceutical, there was no tax revenue. Now that it will be legalized for recreational

use, there will be taxes. He anticipates the revenue from taxes will be significant and politicians will support the regulations.

Mr. Nicewarner noted there will also be challenges for employers.

Councilmember Aleshire questioned why the dog day care facilities amendment for the CC-MU and N-MU districts prohibit outdoor exercise/play areas. Ms. Maher indicated the proposed amendment is to ensure a dog day care would not be detrimental to the neighborhood.

A Public Hearing will be scheduled for April 25, 2023. Introduction and Approval of the Ordinance is tentatively scheduled for May, 2023.

FY24 Budget Review

Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager, were present to review the FY24 Budget.

Mr. Nicewarner stated this proposed budget was prepared from input from the management team and staff. He thanked the Finance Department, especially Ms. Hepburn and Ms. Garver for their work on the budget.

This budget is a reflection of where the Mayor and City Council want to go in terms of several key areas of the strategic plan and of which the City is not in a position to facilitate. Mr. Nicewarner is happy to say that the City can move forward and progress with the increased development and expansion of City services without a tax rate increase in FY24.

The Mayor and Council, under the new administration in 2021, established their vision and focus areas of the next four years. This administration will be $\frac{3}{4}$ of the way through their term with this proposed budget, and staff have worked diligently to address, and either implement or be in process of implementation, all of the items under the following focus areas:

1. Neighborhood Revitalization and Sustainability
2. Public Safety
3. Public Facilities and Infrastructure
4. Economic Development
5. Citizen-Based Government
6. Fiscal Accountability
7. Parks & Recreation for Active/Healthy Living
8. Innovative/Progressive Government
9. Community Promotion
10. Economic Development through Sports Tourism
11. Miscellaneous Goals/Legislative Priorities

Staff have been incorporating the vision and focus areas into their daily work processes, including introductions of resolutions and ordinances, agenda setting, and in the development of this proposed budget.

There is no tax rate increase included in this proposed budget. Many taxpayers, however, will notice an increase to their tax bills for FY24 due to the fact that the City will be entering the first year of the new three-year triennial assessment period. The tiered tax rate for apartments is being eliminated. Due to increased assessments, a \$ 1.65 million increase in revenue is anticipated. The increased revenue is important to the City as plans are to turn this around into investments into the community in ways that have not been possible to do for some time.

The Mayor and City Council has approved productive use of the American Rescue Program Act (ARPA) funds for a grant coordinator, community outreach liaison position, body cameras, drones, trash collection funds, stormwater projects, and utility infrastructure. There is \$ 4 million remaining in unallocated funding. Staff will be bringing information to the Mayor and City Council for more advancement plans for eliminating blight. Projects that are completed or moving forward include Wheaton Park Improvements, a third parking deck, and the Hagerstown Field House.

As with many governments and businesses, the City is facing challenges with recruiting and retaining employees. Staff has been meeting to discuss ways to deal with these challenges.

Ms. Hepburn reported this is a balanced budget with a \$ 2.1K surplus. The two-tier real estate tax rate for the apartments is being eliminated. The tax rate is the same as FY23: \$ 1.002 per \$ 100 assessed value. Assessed value growth is estimated to be 7.0%. Each penny on the tax rate is approximately \$ 308,000.00. The Highway User Revenue of \$ 134.7K is included to cover a portion of eligible annual debt service requirement and \$ 1.9M for capital projects. There are no transfers from the Health Insurance Fund. Utilization of the GF Fund Balance Reserves is \$ 1.9M from previously approved budgets for projects that were not yet completed, reallocation to a few new capital projects, and adding some additional reserves utilization while maintaining Fund Balance/Retained Earnings policy guidelines. Total transfer to Economic Redevelopment is \$ 1.1M for various incentives and costs which includes \$928K for Invest Hagerstown program incentives.

Ms. Hepburn noted the information in the budget message does not include \$ 500,000 utilized for the acquisition of the property where the third parking deck will be located. She also noted they will be revisiting the field house funding in the next week or two. This is one of the contributing factors in the estimated \$ 5.3M deficit in FY25.

The Economic Redevelopment Fund includes \$ 928K in funding of the Invest Hagerstown program. \$ 35K is included for individual/customized incentives including Spring Sprouts and \$ 131.5K is included for PEP incentives.

The Electric Wholesale Power contract is in place through May 31, 2024 which sets both the revenue and majority of all expenses (76.2%). There is no change in full-time staffing positions. Total capital projects are included in the amount of \$ 2.5M. Rates have not increased in 20+ years.

The water fund cost rate model is approved and effective FY20 through FY24 (3.0% annual increase). There is no change in full-time staffing positions. Total capital projects are included in the amount of \$8.0M

The Wastewater Fund cost rate model is approved and effective FY20 through FY24 (3.0% annual increases). There is no change in full-time staffing positions. Total capital projects are included in the amount of \$9.7M.

There are no new rate increases in the Parking Fund for FY24. There is no change in full-time staffing levels. One new part-time position has been added. The third parking deck construction is funded beginning in FY23 with revenue and operating expenses included for a full year beginning in FY25. Total capital projects are included in the amount of \$10.3M. The budget assumes a bond issue will happen in FY23 for \$10.0M. Since the budget preparation, bond needs have been increased to \$ 10.6M as a result of the final vendor selection process.

The cost rate model for the Stormwater Fund is approved with a rate of \$ 36.00 per 1,000 square feet of impervious surface for calendar year 2023. A new cost rate model will be calculated by a consultant for future years. Full-time staffing positions are allocated at 4.01 which reflects a slight decrease in allocations of staffing from the General Fund areas of Public Works and Engineering. Total capital projects are included in the amount of \$ 2.6M. Staff is recommending changing the Stormwater Utility Program from a calendar year to a fiscal year and absorb any rate increase from January to June.

Councilmember Aleshire asked what the revenue for property taxes includes. Ms. Hepburn stated it is real property, corporate personal property, and PILOT (payment in lieu of taxes) agreements. Mr. Nicewarner clarified that a penny decrease in the tax rate is approximately \$ 308,000.

Councilmember Aleshire noted if the tax rate is reduced and there is less revenue anticipated, the Mayor and City Council would have to decide if a reduction in services would be necessary. Citizens can anticipate that about \$ 11 of their tax assessment is spent on reducing blight.

Mr. Nicewarner stated he is not a fan of a surplus or a deficit but he does support spending any surplus on what the citizens and community needs.

Ms. Hepburn recommended keeping any surplus in the fund balance reserve and use it to cover projects. The City has spent fund balance dollars in a healthy way.

Councilmember Aleshire stated it appears the City is getting more fair assessments from the State. He is supportive of eliminating the tax tier. He suggested the tier several years ago when 20% of the housing stock was covering 80% of the tax increases. Ms. Hepburn stated the additional funding was to be used to assist with rentals and the incentive programs. The City is committed to putting 3 cents on the tax bill to these programs.

Councilmember Schindler hopes rents are reduced with the elimination of the tier for apartments.

Mr. Nicewarner stated there is still work to be done with the assessment process as City and County properties are assessed differently.

Review of the budget will continue during the Work Session each week. A Public Hearing on the Property Tax Rate and Budget is scheduled for Tuesday, May 9, 2023. Introduction of the Ordinance is scheduled for May 9, 2023 and approval of the ordinance is scheduled for May 16, 2023.

Proposed Rate Changes for Parks, The Greens at Hamilton Run Golf Course, and Parking

Eri Deike, Director of Public Works, stated staff met to discuss any fee changes for the upcoming Fiscal Year 2023 during the budget process. Everyone felt there was just cause to make changes given the current economic conditions including rising wages and inflation. None of the proposed changes are dramatic. They are more of tweaking the current fees for City services.

The construction of a new restroom facility at the City Park Train Hub will be completed soon. These restrooms will be in addition to the restrooms along Highland Way near the Mansion House Art Gallery. Train Hub visitors have always used portable toilets but the new restrooms will eliminate the need for portable toilets. Visitation of the museum, train and pavilion has to be scheduled in advance with City staff providing tours. The fee has always been more than a typical pavilion rental in the parks. The proposed changes would increase the fees by \$ 25.00

For a standard park pavilion, the recommendation is to increase the fee from \$ 65 per rental to \$ 75. This would equate to a 15% increase.

The University Plaza is becoming increasingly popular for City events and events by others. The current University Plaza rental Guidelines states the fee for the plaza is \$0 is the event is open to the public. Events that are private or ticketed have an escalating fee schedule that starts at \$ 25.00 for 3 hours, \$ 50.00 for 8 hours and \$ 75.00 for 16 hours of use of the space.

These fees were recommended several years ago to promote downtown. Rarely, if ever, has anyone rented the University Plaza for a fraction of a day. Events are either for one day or two days. Staff is recommending an event rate of \$ 100 per day that includes a \$ 25 administrative fee.

There are restroom fees connected to the University Plaza if the event organizer wishes to use the indoor restrooms located in 60 W. Washington Street (Buro Box). Restroom fees are \$ 50.00 per day and increase to \$ 100.00 per day if the event includes food or drink on site. The revenues are collected and used to pay the University System of Maryland of Hagerstown, who clean the restrooms. There are no proposed changes to the restroom fees at this time.

Any event for the University Plaza in the system before July 1 (no matter when the event is being held) will be charged the current rental rate, plus the restroom fee. The new rate becomes effective on all rental requests made on or after July 1, 2023.

There are multiple proposed fee increases for The Greens at Hamilton Run Golf Course. The increase is to help with the ever increasing expenses and to be comparable with other 9-hole and 18-hole golf courses close to Hagerstown. Green Fees increase between \$1.00 and \$ 5.00.

There are no proposed changes to the Season Pass holders. There are typically no more than 30 season pass holders per season.

At this time, there are no proposed changes to the parking rates, either for on-street parking, parking lots or the parking decks. The construction of the third parking deck has only recently been approved with known costs for land acquisition and construction. Completion is estimated to be in May or June of 2024. There is still time to further analyze potential parking rate changes by the time the new parking deck opens.

There is a parking change request that involves enforcement. The vast majority of parking citations are for expired meters and street sweeping. The fee for an expired meter begins at \$ 10 and escalates to \$ 35 per violation for non-payment. The average number of street sweeping citations per week is 144 (since July 1, 2022). Street sweeping is considered a non-metered parking violation unlike an expired meter, parking at a fire hydrant or a handicap zone violation. The street sweeping fee is currently \$ 15.00 for the initial violation, increases to \$ 25.00 and then to \$ 35.00 for nonpayment.

Staff is proposing to change the street sweeping fee to \$ 20.00 for the first violation that increases to \$ 30.00 for the non-payment after 10 days and eventually to \$ 40.00 after 35 days for non-payment. This is not about revenues. This is about encouraging drivers to move their car for street sweeping. The City operates two street sweepers as often as 5 days per week. Street cleaning is a crucial operation for the City's stormwater program, removing an average of 388 tons of debris of the streets and out of the storm drains.

When cars are not moved for street sweeping operations, it slows the operation down while enforcement staff have to take time to write citations. Slowing the sweeping operation makes it difficult to sweep the streets with more frequency.

There should be no financial effect on expenses, just revenues.

Councilmember McIntire does not wish to increase greens fees for senior citizens.

Mr. Nicewarner stated these rates are reasonable and the course is in great shape.

It was the general consensus to move forward with the rate increases, except for the senior citizen greens fees.

The proposed increases are included in the proposed budget. Implementation will occur during FY24.

CITY ADMINISTRATOR’S COMMENTS

Scott A. Nicewarner, City Administrator, stated events this week and weekend include a Par 4 Tournament at the golf course, German Easter Tours at the Hager House, the first of four community yard sales at Fairgrounds Park, and a Manna Fest in University Plaza. City offices will be closed on Friday, April 9, 2023 in recognition of Good Friday.

MAYOR AND COUNCIL COMMENTS

Councilmember S. McIntire and Councilmember Burnett hosted a group of homeschool students at City Hall recently.

Councilmember T. Burnett thanked the students for visiting.

Councilmember K. B. Aleshire had no additional comments.

Councilmember M. J. Schindler thanked staff for their work on the budget.

Mayor T. Martinez thanked 6 year old Caroline Brunt for visiting her at City Hall. She closed the meeting with the quote “Words have no power to impress the mind without the exquisite horror of their reality.”

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 5:48 p.m.

Respectfully submitted,

Donna K. Spickler
City Clerk

Approved: May 23, 2023