

EXECUTIVE SESSION, WORK SESSION, AND SPECIAL SESSION (68TH VOTING SESSION) – May 9, 2023

EXECUTIVE SESSION – May 9, 2023

Mayor Martinez called the Executive Session to order at 4:18 p.m.

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 to meet in closed session 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)), and 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, May 9, 2023 at 4:18 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, Nancy Hausrath, Director of Utilities, and City Clerk Donna K. Spickler.

The meeting was held to discuss membership of the Planning Commission and the Historic District Commission and to discuss a business proposal. No formal action was taken at the meeting. On a motion duly made, seconded, and passed, the meeting was adjourned at 5:01 p.m.

WORK SESSION AND SPECIAL SESSION (68TH VOTING SESSION) – May 2, 2023

Mayor T. Martinez called this Work Session and Special Session (68th voting session) of the Mayor and City Council to order at 5:08 p.m., Tuesday, May 9, 2023 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, R. E. Bruchey, II, T. Burnett, S. McIntire, and M. J. Schindler, City Administrator Scott A. Nicewarner, and City Clerk D. K. Spickler.

Proclamation – It’s a Blessing to be a Blessing

Mayor Martinez read a Special Recognition certificate recognizing Dierdre Norris, “Mama Dee” and her commitment to helping the community by starting “It’s a Blessing to be a Blessing”. This program began in 2012 when Ms. Norris began serving meals from her home in Hagerstown. Mama Dee was recently honored for her more than 8,000 hours of service to the community with the Lifetime Achievement Volunteerism certificates from Governor Wes Moore and President Joseph Biden.

Proclamation

Mayor Martinez read a proclamation naming May 7 -13, 2023 as Tourism Week in Hagerstown, Maryland. Dan Spedden, President – Hagerstown/Washington County Convention and Visitors Bureau, accepted the proclamation. Mr. Spedden provided copies of the CVB’s recent promotional messages directed to the Chinese and German market in the capital regions.

State of the Library

Jenny Bakos, Executive Director, and Sarah Nadeau, Head of Public Relations, were present to provide an update on the operations of the library.

Staff of the Washington County Free Library worked diligently in the community to increase access to materials, information and programming. During the 2022 fiscal year, WCFL saw a 98% increase in foot traffic and a 56% increase to material circulation over 2021. While patrons are enjoying visiting physical locations to select materials, there has also been a great reception to the remote pickup lockers that are available throughout the County branches and at the North Pointe Shopping Center in Hagerstown.

The library also hosted a wide variety of programs, catered to all ages and interests. These programs highlighted important partnerships, including those with the Washington County Public Schools, Chamber of Commerce, Health Department, Maryland Symphony Orchestra, and the Department of Natural Resources.

None of these accomplishments would be possible without a public who cares deeply for education and access to information.

Councilmember Bruchey asked if there are plans to move the bookmobile service out of the Hagerstown area. Ms. Bakos stated the service will not go away but the offices will move to Williamsport. There is not enough garage space for the multiple vehicles that make up the bookmobile service now. Renovations are planned at the Williamsport branch, which includes a 4-bay garage.

Councilmember McIntire thanked Ms. Bakos and Ms. Nadeau for the incredible work they do that makes the Fletcher Branch the library of choice.

Mayor Martinez thanked them as well. She just realized the library would be a great field trip for her grandchildren.

Councilmember Aleshire thinks people may wonder why brick and mortar libraries are needed when you can use your smart phone for most everything. He noted that books are circulated at the rate of about 1,000 per day. In addition, employees at the library field 200 questions per day. More than 33,000 people attended 2,000 programs. He is amazed there are still 85,000 library card holders.

Mr. Nicewarner knows the library staff has gone above and beyond to assist anyone, including the homeless. There is no 24/7 shelter in Hagerstown and libraries have kind of become that sort of shelter.

Ms. Bakos stated they believe they are a place for people to exist without judgement. They don't think there are specific tasks that are concentric library tasks. They are a designated cooling and warming center by Maryland State Code. The customers they serve who may be experiencing homelessness are grateful for the services they provide. They are happy to have every member of the community come in to the library. There will soon be a social worker intern at the library.

FY24 Budget Review

Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager, were present to continue review of the proposed FY24 budget, with a focus on the Utility Enterprise funds.

Service charge comparisons for the Electric Fund show that City of Hagerstown (HLD) customers pay the lowest per kWh rates compared to local, comparable utilities. The rate is \$ 57.97 for HLD customers compared to \$ 72.35 per kWh for Potomac Edison – WV customers. All Maryland rates are regulated by the Public Service Commission. The HLD has an approved wholesale power contract extension with Energy Harbor LLC at a rate of \$ 42.42 per MWh through May 31, 2024.

Service charge comparison for the Water Department show that the quarterly charges for a typical water customer is significantly less expensive in Hagerstown than any other comparable utility in the region. City of Hagerstown rates are \$ 31.74 for 13,000 gallons of water per quarter. In comparison, Town of Funkstown customers are charged \$ 82.68 per quarter for the same usage.

It was noted there is a significant amount of infrastructure to be updated or refurbished in the Water System.

Mr. Nicewarner pointed out the water usage is just one component of the customers' quarterly bill.

Councilmember Aleshire stated a question was raised at the April 27, 2023 Work Session at the R. C. Willson Water Plant about why outside city limits customers are charged more per gallon. The reason is that the outside city limit customer base does not have the full faith and credit authority over the system. The majority of the debt incurred by the City for upgrades and extensions of the water service is to accommodate outside the City limits customers.

Ms. Hepburn noted the same comparison of rates for outside city limits customers show a quarterly bill of \$ 80.70, still lower than the next highest charges mentioned earlier. Councilmember Aleshire stated these customers should feel fortunate that they

are second to the lowest since they did not want to be part of the jurisdiction of Hagerstown.

Ms. Hepburn stated the City has issued GO Bonds and MDE Loans based on the full faith and credit of customers. If the cash was depleted, the citizen taxpayer base would be required to make up the difference. The citizen taxpayer base is in effect the credit company. Finance companies want the assurance that there will be a designated entity (in this case the taxpayer) to cover the bills.

Service charge comparisons for the Wastewater Division shows the quarterly charges, at \$ 101.76 per quarter, for a typical wastewater customer is less expensive in Hagerstown than any other comparable utility in the region. The next lowest rate is for City of Martinsburg, West Virginia at \$ 123.68 per quarter.

HLD has included a system reconductoring project in the Capital Improvement Program (CIP) to rebuild overhead lines along Marshall Street to provide capacity for the Kilpartick Woods Development. This is one of the few remaining areas where HLD will gain new customers.

The CIP also includes procurement and replacement of electric revenue meters across the HLD service territory to improve device accuracy and provide for an automated read and outage detection system. The amount budgeted in FY24 is \$ 1,000,000. This will be an ongoing project.

Revenue projections for HLD are fairly flat in the out years. The City does not have the flexibility to increase the rates without approval from the Public Service Commission. The net increase in retained earnings is estimated to decrease from an anticipated gain of \$ 156K in FY2023/24 to a loss of \$ 1.6M in FY2027/28. The ending total cash balance projections reflect a decrease from \$ 1.3M in FY2023/24 to a decrease of \$ 8.1M in FY2027/28 as a result of higher annual operating expense compared to projected revenue growth and capital improvement costs being funded with cash on hand.

A total of \$ 1.5M is budgeted in FY24 to replace the roof and gutters on the R. C. Willson Treatment Plant Operations building and upgrading or replacing deteriorating equipment.

The CIP includes \$ 520K in FY24 to begin design of improvements to Water Zone #5. The Comprehensive Plan recommends water system projects that will address deteriorating pipe, system pressure, and water quality. This project will help address system pressure issues in the Robinwood Drive and Meritus area. Total project cost is estimated to be \$ 13.7M.

Total service charge revenue projections reflect a 3.0% average increase in the FY2023/24 proposed budget. Per preliminary projections from a five-year rate study currently in process, an annual rate increase of 10.0% is anticipated for all future periods beginning FY2024/25 through FY2027/28. Current analysis reflects the potential for the

annual rate increase to be up to \$ 13% per year due to rising inflation and the cost to maintain operations.

Based on assumptions for revenue growth, increasing expenses, and additional future grants, the net decrease in retained earnings in the Water Fund is estimated to decline from an anticipated loss of \$ 2.8M in FY2023/24 to a loss of \$ 906K in FY2027/28. The ending total cash balance projection will decrease from \$ 11.0M in FY2023/24 to a decrease of \$ 6.8M in FY2027/28 primarily as a result of significant capital projects and annual debt service requirements scheduled in future periods. Due to current projections for benefit charges, the cost of service rate study recommends that an allocation of cash be reserved as restricted cash for use in future years. This allocation would cover a portion of annual service charges for future system repairs, renewal, and replacement.

Replacement of various aging equipment or adding new equipment to maintain efficient operations, permit compliance, and security is included in the Wastewater Treatment Plan CIP. Deteriorating equipment that has reached the end of its useful life cycle requires replacement to maintain reliable, continuous operations. The amount budgeted in FY24 is \$1.0M.

Total service charge revenue projections reflect a 3.0% average increase in the FY2023/24 proposed budget. Based on preliminary cost estimates, an annual rate increase of 10.0% is included in all future periods beginning in FY2024/25 through FY2027/28. A new five year rate study is currently in process to get more definite amounts needed for future periods. In FY2024/25, the County is taking over treatment of some accounts in the joint service area. As a result, "Metered Joint Sewer" revenues are reduced by 50% and then the 10.0% rate increase is applied.

Based on assumptions for revenues and expense, the net increase in retained earnings is estimated to decrease from an anticipated gain of \$ 4.2M in FY2023/24 to a gain of \$2.8M in FY 2027/28. The ending total cash balance projections reflect a decrease from \$6.4M in FY2023/24 to a deficit of \$3.7M in FY2027/28 as a result of higher annual operating expenses compared to projected revenue growth and capital improvement costs being funded with cash on hand. Due to current projections for benefit charges, the cost of service rate study recommends that an allocation of cash be reserved as restricted cash for use in future years. This allocation would cover a portion of annual service charges for future system repairs, renewal, and replacement. However, based on current anticipated projects and no future bond issues, this cash reserve will be depleted by FY2025/26.

Review of the proposed budget will continue at the May 16, 2023 Work Session.

A break was taken at 6:02 p.m.

Special Session (68th Voting Session) – May 9, 2023

Mayor Martinez called this Special Session (68th voting session) of the Mayor and City Council to order at 7:02 p.m., Tuesday, May 9, 2023 in the Council Chamber at City Hall. Participating with the Mayor were Councilmembers K. B. Aleshire, R. E. Bruchey, II, T. Burnett, S. McIntire, and M. J. Schindler, City Administrator Scott A. Nicewarner, Jason Morton, City Attorney, and City Clerk D. K. Spickler.

On a motion duly made by Councilmember R. E. Bruchey, II and seconded by Councilmember M. J. Schindler, the Mayor and City Council unanimously agreed by voice vote to meet in Special Session at 7:02 p.m.

Public Hearing: Real Property Tax Rate Beginning July 1, 2023

A Public Hearing was held to receive comments on and to discuss the proposed tax rate for FY2023/24. Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager, were present for both this hearing and the proposed budget hearing.

City Clerk Donna K. Spickler provided the Oath to both Ms. Hepburn and Ms. Garver.

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, 2023, the estimated real property assessable base will increase by 5.1%, from \$2,694,790,408 to \$2,831,284,103. If the City of Hagerstown maintains the current tax rate of \$1.0020 per \$100 of assessment, real property tax revenues will increase by 5.1% resulting in \$1,367,667 of new real property tax revenues. In order to fully offset the effect of increasing assessment, the real property tax rate should be reduced to \$0.9537, the constant yield tax rate. The City 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 \$1.002 per \$100 of assessment. This tax rate is 5.1% higher than the constant yield tax rate and will generate \$1,367,667 in additional property tax revenues.

The City of Hagerstown has had a different rate for Apartment real properties. A chart showing the corresponding information for tax rates for those properties is included in the public notice. The City is proposing to eliminate the tiered tax rate for FY24. The rate for all real property will be \$1.002 per \$100 of assessed value.

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 20, 2023.

The hearing was closed at 7:03 p.m. The record will remain open until May 20, 2023 for additional comments.

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

Public Hearing: Proposed Budget July 1, 2023 – June 30, 2024

A Public Hearing was held to receive comments on and to discuss the proposed budget for Fiscal Year 2023/24. The proposed budget is \$ 214,986,818. The combined General Fund total is \$ 102,554,311. 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 \$ 40,803,392. 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 20, 2023.

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

The hearing was closed at 7:07 p.m. The record will remain open until May 20, 2023 for additional comments.

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

Introduction of an Ordinance: Tax Rate Beginning July 1, 2023

Action: 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 to introduce an ordinance to establish the City's tax rates for the fiscal year July 1, 2023 through June 30, 2024 on the basis of \$ 1.002 per \$ 100 of assessed value of all real property and \$ 2.505 per \$ 100 of assessed value of all business personal property within the City of Hagerstown.

Introduction of an Ordinance: Budget FY 2023/24

Action: On a motion duly made by Councilmember M. J. Schindler and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to introduce an ordinance to adopt the City's budget for fiscal year July 1, 2023 through June 30, 2024 in the total amount of \$ 214,986,818.

Approval of Purchase of Vehicle for Police Use – 2023 Dodge Charger

Action: On a motion duly made by Councilmember T. Burnett and seconded by Councilmember S. McIntire, the Mayor and City Council unanimously agreed by voice vote to approve the purchase of one vehicle for patrol use. This vehicle will be purchased from Joe Ceconi's Chrysler Complex in Niagara Falls, NY for a total of \$ 41,820.00

Funding will be from HPD's Vehicle CIP Account #C0129.

Approval of Purchase of Vehicle for Police Use – 2023 Ford SUV

Action: On a motion duly made by Councilmember K. B. Aleshire and seconded by Councilmember M. J. Schindler, the Mayor and City Council unanimously agreed by voice vote to approve the purchase of one vehicle for police use. This vehicle will be purchased from Keystone Ford, Chambersburg, PA for a total of \$ 46,500.00.

Funding will be from HPD's Vehicle CIP Account #C0129.

CITY ADMINISTRATOR'S COMMENTS

Scott Nicewarner, City Administrator, noted May is Museum Ramble Month. The Hager House and Train Hub are offering two admissions for the price of one. On May 12, 2023, the Daughters of the Revolution will hold a community service in the Hager House Garden. Potterfield Pool season pass memberships are on sale now. The pool will open Memorial Day weekend.

MAYOR AND COUNCIL COMMENTS

Councilmember M. J. Schindler wished mothers a Happy Mother's Day. He wished teachers a happy Teacher's Week.

Councilmember S. McIntire had no additional comments.

Councilmember T. Burnett wished mothers a Happy Mother's Day.

Councilmember R. E. Bruchey, II wished all mothers a Happy Mother's Day. He wished his wife a happy 42nd anniversary.

Councilmember K. B. Aleshire offered condolences to the family of his friend and mentor, Ray Hinkle, former Town Manager of Myersville. Ray's life was celebrated earlier today. Councilmember Aleshire learned a lot from Mr. Hinkle and he is fortunate he got to work with him. He would not be the family man and steward that he is without Mr. Hinkle's guidance.

Mayor T. A. Martinez offered sympathy to all who worked with Mr. Hinkle. She congratulated Councilmember Aleshire for 10 years of service and Councilmember McIntire for 5 years of service. Lt. Renner and Officer Kreigh have served the City for 42 years. She congratulated Sgt. Kelley on his promotion earlier today. She congratulated Dierdre Norris for her power of being in service.

Mayor Martinez read an essay from the “If I Were Mayor...” contest from Fletcher Albright. Fletcher would like to see people volunteer to pick up trash and help homeless people.

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 7:15 p.m.

Respectfully submitted,

Original signed by D. K. Spickler

Donna K. Spickler
City Clerk

Approved: June 20, 2023