Mayor and Council
26th Special Session, Executive Session and Work Session
October 15, 2013
Agenda

"Being the location of choice for a diverse and dynamic citizenry."
"Providing a proud and prosperous community."

"Every passing moment is an opportunity for a fresh start." Anonymous

SPECIAL SESSION

4:30 PM 1. 26th Special Session - Introduction of an Ordinance: Acquisition of 21 W. Antietam Street

4:35 PM WORK SESSION

1. Preliminary Agenda Review

4:55 PM 2. Proclamation - Conflict Resolution Day

5:05 PM 3. Hagerstown Municipal Band - 100th Anniversary Celebration

5:20 PM 4. Washington County Historical Society Request

5:30 PM 5. Utility Relief Funds

5:45 PM 6. Water and Wasterwater Rate Study - Project Update

6:15 PM 7. Van Lear Manor Water Service Request/Policy Exemption Request

6:25 PM 8. Housing and Neighborhood Vision and Commitment

7:15 PM 9. Artists Housing

CITY ADMINISTRATOR'S COMMENTS

MAYOR AND COUNCIL COMMENTS

ADJOURN

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
26th Special Session - Introduction of an Ordinance: Acquisition of 21 W. Antietam Street

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
Special_Session.pdf	26th Special Session

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Date: October 15, 2013

TOPIC: INTRODUCTION OF AN ORDINANCE ACCEPTING AN OFFER TO TRANSFER CERTAIN PROPERTY TO THE CITY LOCATED AT 19-21-23 WEST ANTIETAM STREET

Charter Amendment	
Code Amendment	
Ordinance	X
Resolution	
Other	

MOTION: I hereby move for the Mayor and City Council to introduce an ordinance accepting an offer to transfer real property known as 19-21-23 West Antietam Street to the City of Hagerstown. The property would be transferred to the City from the Bankruptcy Trustee in satisfaction of a City lien placed on the property. The lien amount is $90,417.35. The lien is for the cost of City performed emergency work following a fire in February 2013. If the City does not intervene is it likely the property will simply continue to deteriorate and at a future time the City will once again be forced to take emergency measures.

DATE OF INTRODUCTION:	10/15/13
DATE OF PASSAGE:	10/22/13
EFFECTIVE DATE:	11/22/13

<u>CITY OF HAGERSTOWN, MARYLAND</u>

AN ORDINANCE ACCEPTING AN OFFER TO TRANSFER CERTAIN PROPERTY TO THE CITY LOCATED AT 19-21-23 WEST ANTIETAM STREET, HAGERSTOWN, MARYLAND

<u>RECITALS</u>

WHEREAS, certain property located at 19-21-23 West Antietam Street, Hagerstown, Maryland was severely damaged by a fire in the City of Hagerstown and the City was forced to expend in excess of $90,000.00 in emergency repairs for public safety, and

WHEREAS, the property is owned by Fulton R. Gordon, III and Gloria J. Mayes, hereinafter called "owners", and

WHEREAS, the owners have filed a voluntary Petition for relief pursuant to Chapter 7 of the Bankruptcy Code in Case No. 10-28176-TJC in the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, and

WHEREAS, Steven H. Greenfeld was appointed Trustee by the Court, and

WHEREAS, the City has filed an Administrative Expense Claim in the Bankruptcy proceedings for the emergency repair expenses cited above, and

WHEREAS, the Trustee has indicated a willingness to transfer the property to the City of Hagerstown in consideration of the satisfaction of the City's claim for the emergency repairs as set forth above.

NOW THEREFORE, BE IT RESOLVED, ENACTED AND ORDAINED by the Mayor and Council of the City of Hagerstown, Maryland and its duly constituted legislative body as follows:

1. The above recitals are incorporated herein by reference.

2. That the City will accept the offer of the Trustee, Steven H. Greenfeld and accept transfer of the property to the City in satisfaction of the City's claim for repairs as aforesaid.

3. This purchase is contingent upon approval of the same by the United States Bankruptcy Court.

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED that the Mayor, City Administrator and City Staff are hereby designated, authorized and directed to act as signatories on behalf of the City on any documents necessary to effectuate the purchase of the aforegoing property except as to any matter that may legally necessitate approval of the Mayor and Council.

BE IT FURTHER RESOLVED, ENACTED AND ORDAINED that this Ordinance shall become effective thirty (30) days beyond its enactment.

WITNESS AND ATTEST
AS TO CORPORATE SEAL

____
Donna K. Spickler, City Clerk

MAYOR AND COUNCIL OF THE CITY
OF HAGERSTOWN, MARYLAND

By:_____________________________
David S. Gysberts, Mayor

Date of Introduction:	October 15, 2013
Date of Passage:	October 22, 2013
Effective Date:	November 22, 2013

PREPARED BY:
NAIRN & BOYER, CITY ATTORNEY

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Preliminary Agenda Review

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
No Attachments Available	

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Proclamation - Conflict Resolution Day

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
No Attachments Available	

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Hagerstown Municipal Band - 100th Anniversary Celebration

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
No Attachments Available	

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Washington County Historical Society Request

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

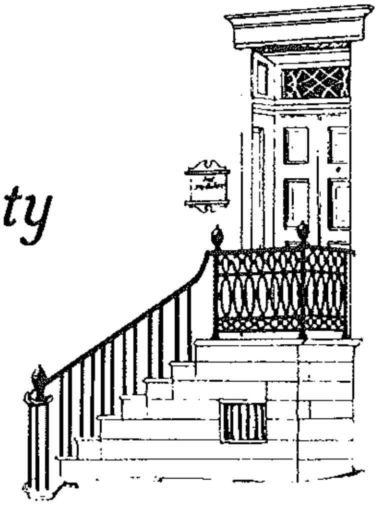
Action Dates:

ATTACHMENTS:

Name:	Description:
Wash_County_Historical_Society.pdf	Historical Society Request

Washington County Historical Society

135 WEST WASHINGTON STREET • HAGERSTOWN, MARYLAND 21740
TELEPHONE 301-797-8782



"The Miller House"

October 2, 2013

Mayor and Council, City of Hagerstown
100 East Franklin Street
Hagerstown, MD 21740
Attn: Mr. Bruce Zimmerman, City Administrator

Dear Municipal Officers:

The Washington County Historical Society has an urgent need and is requesting some help from the City of Hagerstown in the amount of $2,000. A small hole has opened in the foundation wall in the front of the Miller House. Repairs should be accomplished before freezing weather arrives.

This hole has allowed water to seep into our front office and library turning the plaster walls into pudding. These issues will be addressed once we are certain that we have stemmed the inflow through the foundation.

We have been raising funds for this project and the restoration of some shutter hardware on the seven windows at the front of the building that have shutters and some masonry repairs to the three window sills on the lower level. We are near our goal, but if the work is to be done this fall, we need to get it scheduled and these additional funds would get us there.

The foundation hole repair will require the complete removal of the brick sidewalk, re-grading the ground beneath and the addition of a membrane to improve drainage, repairs to the foundation and then relaying of the bricks.

We appreciate the past assistance from the City of Hagerstown and the long-term partnership concerning both the Miller House and the Hager House. We thank you for your consideration and would gladly provide additional information, if needed.

Sincerely,

Linda C. Irvin-Craig

Linda C. Irvin-Craig
Executive Director

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Utility Relief Funds

Mayor and City Council Action Requested:
Approval to move forward with the Utility Relief Fair on 10/30 and 10/31 and distribute all remaining funds.

Discussion:

Financial Impact:
As of 9/30/13, there is $11,699.82 remaining in the fund being administered by Community Action Council. We expect some monies to be distributed by CAC before the fair, but will cutoff any assistance on October 24 to allow for an accounting of what is remaining to distribute at the Fair.

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
M_C_Memo_Utility-Relief.pdf	Memo - Utility Relief
UTILITY_RELIEF_APPLICATION_INSTRUCTIONS.pdf	Application Instructions for Citizens
UTILITY_RELIEF_FUND_APPLICATION.pdf	Utility Relief Application

CITY OF HAGERSTOWN, MARYLAND
Information Technology & Support Services – Scott Nicewarner, Director
301-766-4071 (Direct)
301-739-8577, Ext 161

October 11, 2013

TO: Bruce Zimmerman, City Administrator

FROM: Scott Nicewarner, Director Scott

RE: Utility Relief Fair / Distribution of Funds

The Support Services group is recommending to Mayor and Council that a Utility Relief Fair be sponsored by the City of Hagerstown on October 30 and 31 (10:00 AM – 7:00 PM) in Council Chambers to distribute the remaining funds from the Utility Relief Fund to assist those City residents who are experiencing difficulty in paying their cooling / heating bills. There is $11,699.82 remaining in the fund as of 9/30/13.

Cindy Brown of Otterbein United Methodist Church has accepted the invitation to be Chairman of the new Utility Relief Committee. We have commitments from 5 other individuals with backgrounds in the faith-based community and local support agencies to assist with the selection of qualified applicants. We are also recommending that Community Action Council be the responsible agency in distributing the checks to those selected to receive benefits. As in past fairs, we are having several local agencies set up tables with informational materials for the fair participants.

I have attached the application and instructions showing the qualifications that must be met in order to be eligible for selection. The criteria has changed minimally since the last fair, and we will be asking that all applicants selected for assistance have funds sent to their utility / fuel provider within 30 days of notification.

Beth Everhart, Cindy Brown, a representative from CAC, and myself will be available to provide more details and answer questions at the work session on October 15.

Scott A. Nicewarner

Scott Nicewarner, Director

APPLICATION INSTRUCTIONS

Dear Utility Relief Fund Applicant:

The Utility Relief Fund requires you to return copies of the items listed below in order for the committee to accept and process your application. The maximum benefit amount is $350 based on need. If there are extenuating circumstances that can be verified, the amount can be raised to $500 on a case-by-case basis. This is a one-time opportunity. Once the application has been approved you will be notified. A check will be mailed to the designated utility / fuel provider.

- **RENTERS:** Lease (Landlord's name, address, and telephone number must be included).
- **PROPERTY OWNERS:** Deed, property tax bill or mortgage statement / coupon.
- Copy of your electric bill, gas bill and fuel supplier bill(s) with account numbers.
- Picture ID for **ALL** adult members of the household
- Social Security Cards for **ALL** adult members of the household. Additional information may be required for other "minor(s)" living in the house.
- Proof of Income for ALL household members for the past 30 days:
    - Pay Stubs, Wage Verification Form
    - Award letters such as Social Security, Supplemental Security (SSI), dividends, Temporary Cash Assistance (TCA), retirement, disability.
    - Unemployment benefits.
    - Child Support benefits (Need to obtain a print-out from the Department of Social Services).
    - Alimony or Spousal support.
    - Copy of most recent bank statement.

If copies of the above information are not included with your application, **<u>YOUR APPLICATION WILL NOT BE PROCESSED AND WILL BE PLACED IN A HOLD FILE UNTIL THE CLOSE OF THE FAIR ON OCTOBER 31 AT 7:00 PM. IF THERE ARE ITEMS STILL OUTSTANDING, YOUR APPLICATION WILL NOT BE ACCEPTED FOR REVIEW.</u>**

<u>OVER</u> →

PROGRAM SPECIFIC GUIDELINES

1. MUST BE A RESIDENT OF THE CITY OF HAGERSTOWN.

2. PROVIDE EVIDENCE OF NEED THAT IS CREATING THE DIFFICULTY IN PAYING YOUR UTILITY BILLS. INFORMATION MAY INCLUDE UNEXPECTED MEDICAL BILLS, JOB LOSS OR REDUCTION OF HOURS AT PLACE OF EMPLOYMENT, ETC.

3. THE FUNDS WILL BE USED TO PAY YOUR HEAT BILL, OR ELECTRIC BILL(S) RELATED TO HEAT, A DOCUMENTED MEDICAL NEED TO HAVE ELECTRIC SERVICE OR THE NEED FOR ELECTRICITY TO RUN A HEATING APPLIANCE (I.E. FURNACE, BOILER, ETC.)

4. YOUR INCOME MUST FALL AT OR BELOW THE FOLLOWING INCOME LEVELS:

INCOME GUIDELINES AT
80% OF MEDIAN INCOME
(PER HUD GUIDELINES)

HOUSEHOLD SIZE	MONTHLY INCOME	YEARLY INCOME
1	3,229.17	38,750.00
2	3,691.67	44,300.00
3	4,150.00	49,800.00
4	4,612.50	55,350.00
5	4,983.34	59,800.00
6	5,350.00	64,200.00
7	5,723.34	68,650.00
8	5,723.34	73,050.00
FOR EACH ADDITIONAL PERSON, ADD	652.50	7,830.00

5. ASSISTANCE IS BASED ON THE AVAILABILITY OF FUND.

UTILITY RELIEF FUND APPLICATION
(CITY OF HAGERSTOWN RESIDENTS ONLY)

SOCIAL SECURITY NUMBER

HOME PHONE NUMBER

NAME

OTHER PHONE (CELL, WORK, FRIEND, RELATIVE)

MAILING ADDRESS

STREET ADDRESS (IF DIFFERENT OR MOVED)

CITY, STATE, ZIP

(Check One) ☐ Apartment or Multi-Family ☐ Double, Row or Townhouse ☐ Single Family Home ☐ Mobile Home
(Check One) ☐ Homeowner ☐ Renter* ☐ Roomer/Boarder*
*If you rent: Do you receive rental assistance through HUD or subsidized housing (Section 8)? ☐ Yes ☐ No

RENTERS ONLY Is heat included in the monthly rent? ☐ Yes ☐ No
Landlord's Name/Apartment Complex: ______
Landlord's Mailing Address: ______
City: ______
Landlord's Phone Number: ( ) ______

OFFICE USE ONLY
FED ID/SS# ______
DATE RETURNED ______

Fill in all spaces below for ALL household members (list yourself first). Total number of household members: ________
Please use the following for race:
1. African American
2. White
3. Hispanic
4. Asian or Pacific Islander
5. Native American or Alaskan Native
6. Multi-Racial
7. Other

FIRST AND LAST NAME	SOCIAL SECURITY NUMBER	BIRTH (M/D/Y)	RELATION TO APPLICANT	SEX (M/F)	RACE CODE	US CITIZEN (Y/N)	DISABLED (Y/N)	LIST ALL TYPES OF INCOME	30-DAY GROSS INCOME
IF THERE ARE MORE PERSONS LIVING IN THE HOUSEHOLD, LIST ON SEPARATE PIECE OF PAPER									

SOCIAL SECURITY NUMBER: ______________________

CHECK BOX BELOW FOR THE MAIN HEATING SOURCE OF YOUR HOME

☐ ELECTRICITY ☐ UTILITY GAS ☐ PROPANE ☐ OIL ☐ KEROSENE ☐ COAL ☐ WOOD PELLETS

MY HEAT SUPPLIER COMPANY IS ______________________

THE NAME ON THE ACCOUNT IS ______________________

ACCOUNT NUMBER: ______________________

PLEASE EXPLAIN HOW/WHY YOUR SITUATION CAME ABOUT: ______________________

PLEASE NOTE: The applicant or proxy must sign this application before it can be processed.

I declare that the information provided to the City of Hagerstown, MD is true, correct and complete. I understand that when this application is signed that permission is given:

1. for the City of Hagerstown, MD and/or the Office of the Inspector General (OIG) to check all household income, bank accounts, housing expenses, insurances and any other benefits
2. for other governmental/non-governmental agencies to give and/or receive information from CAC needed to complete this application
3. for my utility / fuel company or other agency giving a service/benefit to have information on this application given to them and/or received from them.

MARYLAND HAS A FRAUD LAW. PUNISHMENT CAN OCCUR FOR NOT TELLING THE TRUTH WHEN APPLYING FOR ASSISTANCE TO PAY HOME ENERGY COSTS

______________________ APPLICANTS SIGNATURE

______________________ DATE

OFFICE USE ONLY

DATE RECEIVED	INTAKE WORKER SIGNATURE	PAY TO
DATE APPROVED	CERTIFIER SIGNATURE	AMOUNT

WORKER COMMENTS ______________________

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:

Water and Wasterwater Rate Study - Project Update

Mayor and City Council Action Requested:
Discussion

Discussion:

The Utilities Department Financial/Administrative staff has been working with Municipal Financial Services staff Dave Hyder and Tracy Moher in the development of a Water and Wastewater five year rate plan that would be in effect from Fiscal Year 15 through the end of Fiscal Year 19. Attached for discussion are the Memorandum and Power Point presentation developed utilizing updated financial operational requirements and capital needs for the departments. Assumptions were developed utilizing historical data and economic projections including but not limited to;

- Fees and Charges collected will continue to self-support the Departments' financial needs
- Fees and Charges collected will allow for continued reinvestment of the systems
- Contingency and Unplanned Expense fund reserves should be maintained
- 3% Inflation rate

- 0.5% Customer growth rate
- 0.5% Consumption growth rate
- 3% Interest rate on borrowing (maximum)

The Revenue Requirements were developed during the previous rate plan and the analysis utilized the points listed below which are contained within our five year capital and budget projections within the approved FY14 Budget.

- operating and maintenance costs
- capital improvements
- existing debt service
- contributions to reserves

The previously adopted five year
rate plan contained seven points for consideration with all but the funding of
the 3R Reserve Fund realized. The 3R Reserve Fund is a vital component of the
future vitality of the two systems and the utilization of the Fund should
reflect a balance of 1% of the systems assets.

- Institute an approved 5 year rate structure which will eliminate the need for annual approvals and will diminish our dependence of the use of benefit charges to fund outstanding debt and allow the utilities to continue to perform financially independent from the General Fund while maintaining the ability to meet the environmental requirements and regulations mandated by the regulatory agencies

- Adopt an inclining block rate structure to promote conservation for residential customers

- Increase the fixed charges to capture the true cost of the billing and revenue collection process

- Maintain a utility rate basis for setting Outside City rates

- Establish a Repair, Renewal, and Replacement (3R) Reserve Fund for aging infrastructure expenditures that are growth related

-

Increase Fire
Line charges by 15%

- Institute late fees to encourage timely payment

In order to achieve and maintain the financial health of the Water and Wastewater Divisions, staff proposes moderate increases to the Water and Wastewater Division rate structure through FY19 except for a one time Wastewater FY15 increase of 12% required to offset the limited amount of operating cash within the department.

Proposed Rate Adjustments

	FY14*	FY15	FY16	FY17	FY18	FY19
Water Rate Increases - Inside City	**5.0%**	**3.0%**	**2.5%**	**2.5%**	**2.0%**	**2.0%**
Water Rate Increases - Outside City	**6.5%**	**3.0%**	**2.5%**	**2.5%**	**2.0%**	**2.0%**
Total System Surplus / (Deficit)	$574,864	($140,690)	($536,238)	($772,775)	($85,183)	($140,690)

Ending Water Operating Cash Balance	$4,774,864	$4,634,174	$4,097,936	$3,325,161	$3,239,977	$4,344,323
Sewer Rate Increases - Inside	**5.0%**	**12.0%**	**4.0%**	**4.0%**	**2.0%**	**2.0%**
Sewer Rate Increases - Outside	**3.0%**	**12.0%**	**4.0%**	**4.0%**	**2.0%**	**2.0%**
Total System Surplus / (Deficit)	($853,907)	($349,808)	($16,315)	$215,810	$226,497	$730,555
Ending Sewer Operating Cash Balance	$939,434	$909,534	$1,339,051	$2,129,184	$2,934,081	$4,053,835

* FY14 rate adjustments approved by the City

City Staff and Municipal Financial
Staff will be available to discuss the information during the October 15, 2013
Work Session

Financial Impact:
To be determined

Recommendation:
Discussion

Motion:

Action Dates:

Work Session October 15, 2013

ATTACHMENTS:

Name:	Description:
Status_Report_For_Water_Wastewater_Rates_for_Five_Years.pdf	Water and Wasterwater Rate Study - Project Update

City of Hagerstown

Hagerstown Light Department

HAGERSTOWN WATER & SEWER DEPARTMENT

Department of Utilities

425 East Baltimore Street
Hagerstown, MD 21740-6105

1 Clean Water Circle
Hagerstown, MD 21740-6848

51 West Memorial Blvd
Hagerstown, MD 21740-6848

October 15, 2013

TO: Bruce Zimmerman, City Administrator

FROM: Michael S. Spiker, Director of Utilities MSSpiker

SUBJECT: Status Report for the Water/Wastewater Rates Five Year Rate Plan

ACTION: Status Report Discussion

The Utilities Department Financial/Administrative staff has been working with Municipal Financial Services (MFS) staff Dave Hyder and Tracy Moher in the development of a Water and Wastewater Five Year Rate Plan that would be in effect from Fiscal Year 15 through the end of Fiscal Year 19. Preliminary analysis has been completed utilizing updated financial operational requirements and capital needs for the departments. Staff continues to work on the finalization of the financial numbers and fully expect modifications to the rate model to occur. Our goal is to present the final product containing the financial requirements needed to operate the funds in a prudent and responsible manner in December. I propose the following schedule to benchmark the process;

- December work session presentation with members of MFS and City Staff detailing the final financial projections and requirements of the rate plan
- January/February discussions, input and deliberations with the Mayor and Council regarding rate study information
- March adoption of the Five Year Rate Plan
- July 1, 2014 effective date of the Five Year Rate Plan

The goals of the Five Year Rate Plan include;

- The continued financial solvency of both funds
- The financial ability to continue investment within the infrastructure
- Customer financial budgeting of water and wastewater usage. The five year structure allows our commercial/industrial and wholesale users (residential customers to a lesser degree) to trend usage and cost analysis in their respective budget plans for five years.

Assumptions were developed utilizing historical data and economic projections including but not limited to;

- Fees and Charges collected will continue to self-support the Departments' financial needs
- Fees and Charges collected will allow for continued reinvestment of the systems

- Contingency and Unplanned Expense fund reserves should be maintained
- 3% Inflation rate
- 0.5% Customer growth rate
- 0.5% Consumption growth rate
- 3% Interest rate on borrowing (maximum)

The Revenue Requirements for the model were developed during the previous rate plan and the analysis utilized the points listed below which are contained within our five year capital and budget projections within the approved FY14 Budget.

- operating and maintenance costs
- capital improvements
- existing debt service
- contributions to reserves

In order to achieve and maintain the financial health of the Water and Wastewater Divisions, staff proposes moderate increases to the Water and Wastewater Division rate structure through FY19 except for a Wastewater FY15 increase of 12% required to offset the limited amount of operating cash within the department. Additionally, the rate model proposes an annual rate increase of 3% for fire line charges.

Proposed Rate Adjustments

	FY14*	FY15	FY16	FY17	FY18	FY19
Water Rate Increases - Inside City	**5.0%**	**3.0%**	**2.5%**	**2.5%**	**2.0%**	**2.0%**
Water Rate Increases - Outside City	6.5%	3.0%	2.5%	2.5%	2.0%	2.0%
Sewer Rate Increases - Inside	**5.0%**	**12.0%**	**4.0%**	**4.0%**	**2.0%**	**2.0%**
Sewer Rate Increases - Outside	**3.0%**	**12.0%**	**4.0%**	**4.0%**	**2.0%**	**2.0%**

* FY14 rate adjustments approved by the City

Attached are the Water and Wastewater Funds' Projection Assumptions through FY 18 as approved in the FY14 Budget. In the Water Division, staff projected a 16% rate increase requirement for the next 4 fiscal years. The preliminary financial requirement of the proposed next 5 fiscal years is 14%. In the Wastewater Division, staff projected a 25% rate increase requirement for the next 4 fiscal years. The preliminary financial requirement of the proposed next 5 fiscal years is 22%. As stated above, these percentages continue to be refined.

The previously adopted five year rate plan contained seven points for consideration with all but the funding of the 3R Reserve Fund realized. The 3R Reserve Fund is a vital component of the future vitality of the two systems and the utilization of the Fund should reflect a balance of 1% of the systems assets.

- Institute an approved 5 year rate structure which will eliminate the need for annual approvals and will diminish our dependence of the use of benefit charges to fund outstanding debt and allow the utilities to continue to perform financially independent from the General Fund while maintaining the ability to meet the environmental requirements and regulations mandated by the regulatory agencies
- Adopt an inclining block rate structure to promote conservation for residential customers

- Increase the fixed charges to capture the true cost of the billing and revenue collection process
- Maintain a utility rate basis for setting Outside City rates
- Establish a Repair, Renewal, and Replacement (3R) Reserve Fund for aging infrastructure expenditures that are growth related
- Increase Fire Line charges by 15%
- Institute late fees to encourage timely payment

City Staff will be available to discuss the status of the Five Year Rate Plan preliminary financial information during the October 15, 2013 Work Session.

Phone 301.739.8577 ext. 143 Electric Fax 301.739.7958 TDD 301.797.6617
Phone 301.739.8577 ext. 650 W/WW Fax 301.733.2873 TDD 301.797.6617

WASTEWATER FUND PROJECTIONS
FISCAL YEAR 2014/2018
ASSUMPTIONS

- Service Charge Revenue reflects a continuation of the annual increases adopted in September 2009 of 5.0% for inside and 3.0% for outside City customers. The annual rate increases continue through Fiscal Year 2013/14. Beginning in FY2014/15, a new cost of service study and rates will be amended and implemented. The projections include the following proposed rate changes: FY2014/15 - 14% rate increase; FY2015/16 - 5% rate increase; FY2016/17 - 3% rate increase; and FY2017/18 – 3% rate increase. The proposed rate increases are needed to offset declining cash flow and operating losses.

- Total operating expenses (excluding depreciation) increased by 2.3% from the FY2012/13 budget compared to the budget proposed for FY2013/14. Primarily, this increase is a result of rising employee benefits and annual contract costs for operating the Wastewater Treatement Plant. As a result of historical trends, our projections included increases in future periods as well. The overall estimated increases for FY2014/15 through FY2017/18 are as follows: 0.8%, 2.0%, 2.0%, and 2.0%.

- Depreciation expense has increased due to recent capital improvement upgrades and investments. We anticipate that depreciation will continue to climb in future years as we continue to invest in various capital projects throughout the City. As a result, depreciation expense reflects an increase of 2.2% from FY2013/14 proposed budget to FY2014/15 budget. This trend will continue at a slightly lower rate in the years that follow based upon current anticipated new projects. In the three years from FY2015/16 through FY2017/18 the increase in expense will be 1.4%, 0.6%, and 0.6%.

- The investment interest rate is assumed to remain flat due to the current market conditions. So, interest revenue projections are flat until FY2017/18 when cash flow is anticipated to grow above current base levels.

- Benefit charges are the primary source of funding for capacity growth needs and related capital projects. Benefit charges are also utilized to pay for debt service related to prior year capacity related capital projects. In recent years, revenues from benefit charges have decreased significantly due to the current economic slowdown. Therefore, benefit charge revenue projections include a 1.5% rate of growth after a FY2013/14.

- Beginning in FY2013/14, projections assume that all future bonds will be backed by the full faith and credit of the City and issued as general obligation debt at an interest rate of 4.25% over spans of 20-25 years.

- Based on the various estimations mentioned above for both revenues and expenses, our net increase (decrease) in retained earnings is estimated to improve significantly from an anticipated loss of <$1.516M> in FY2013/14 to a gain of $208K in FY2014/15.

WATER FUND PROJECTIONS
FISCAL YEAR 2014/2018
ASSUMPTIONS

- Based on the five-year rate schedule adopted in September 2009, water service rates are scheduled to increase an average of 5.0% for services provided in the City and an average of 6.5% per year for services provided outside the City. The five-year rate schedule was based on the 2009 cost of service study; and, the rate schedule began November 1, 2009 and will end June 30, 2014. The projections reflect these average increases through Fiscal Year 2013/14. Beginning in FY2014/15, a new cost of service study and rates will be amended and implemented. The projections include the following proposed rate changes: FY2014/15 - 5% rate increase; FY2015/16 - 3% rate increase; FY2016/17 - 3% rate increase; and FY2017/18 – 5% rate increase. The proposed rate increases are needed to offset increasing debt service costs, rising depreciation expense, and decreasing capital contributions.

- Total operating expenses (excluding depreciation) increased by 2.7% from the FY2012/13 budget compared to the budget proposed for FY2013/14. Primarily, this increase is a result of rising employee benefits and salary contigencies. Based on historical trends, the projections include increases in future periods as well, and the overall estimated increase for each period from FY2014/15 through FY2017/18 is 2.0%.

- Depreciation expense has increased due to recent capital improvement upgrades and investments. We anticipate that depreciation will continue to increase in future years as investment in significant capital projects continue throughout the City. The most notable project is our RC Willson Phase IV Improvements for Stage 2 DPBR Compliance project (#52-C0740 in CIP section 9). As a result, depreciation expense reflects an increase of 12.2% from FY2013/14 proposed budget to FY2014/15 budget. This trend will continue to increase at a lower rate in the years that follow based upon current anticipated new projects. In the three years from FY2015/16 through FY2017/18 the increase in expense will be 11.0%, 10.4%, and 6.4%.

- The investment interest rate is assumed to remain flat with no growth calculated due to the current market conditions.

- The projection incorporates benefit charge funds. Benefit charge funds are intended to be used for growth related capital projects and debt service from prior year growth related projects. Benefit charges have decreased significantly due to the current economic slowdown. From our current FY2012/13 budget to estimated projections for FY2012/13, benefit charges are estimated to decrease by 8% or from $650,000 to $600,000. Projections are anticipated to remain flat at $600,000 for all future periods through FY 2017/18.

- The projections for Maryland Department of the Environment (MDE) Loan Program Bond financing include an interest rate of 2.0% over a twenty year term. In addition, MDE bonds include an administrative fee of 5.0% of debt service issued annually. The bonds marked as City bonds have an interest rate of 4.25% over spans of 20-25 years. The MDE funding package for the R.C. Willson Phase IV Project also includes a grant of $1.5 million that is reflected in the FY2013/14 proposed budget. Additionally, the MDE bond financing for the R.C. Willson Plant upgrades includes loan forgiveness of $1.5 million which will occur in FY2018/19.

- Based on the assumptions outlined above for both revenues and increasing expenses, our net increase (decrease) in retained earnings is estimated to decline from an anticipated gain of $2.0M in FY2013/14 to a gain of $137K in FY2014/15.

- Due to the drop in projected new benefit charges, the cost of service study completed in 2009 recommended that an allocation of cash be included as restricted cash in future years. This allocation would cover a portion of annual service charge revenues for future system repairs, renewal, and replacement. The Cost of Service Study will be updated in the near future to determine further needs.

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:

Van Lear Manor Water Service Request/Policy Exemption Request

Mayor and City Council Action Requested:

Requested approval of the Van Lear Manor Water Service Request under "Exemption 2. System Improvement" of the City of Hagerstown Water and Wastewater Policy.

Discussion:

In early September, Mr. Lee Downey met with Utilities Staff to discuss an extension of water service to 18 lots at Section 17 Van Lear Manor located on Hershey Drive. The location of the requested service is external to the City of Hagerstown's Medium Range Growth Area (MRGA) and in order to supply water service, will require an approved exemption by the Mayor and Council under "Exemption 2. System Improvement" of the City of Hagerstown Water and Wastewater Policy. Exemption 2 states; "Upon the recommendation of the Director of Utilities to, and approval by, the Mayor and Council, a system extension would provide a vital improvement or enhancement to the operation or efficiency of the water and/or wastewater system."

As Director of Utilities, I am recommending approval of the exemption due to the planned enhancement it will provide to our water system. As background, the initial engineering of the Archer Lane main originated in a topographic plan developed in 1958 by J.B. Ferguson. The initial plan detailed the beginning of the loop extending from the 24" transmission main on Virginia Avenue and was planned in the earliest days of the subdivision. This plan was revised several times through 1969. When the development reached Section 8 a construction plan/profile for Archer Drive was drawn in May of 1970, construction completed in August of 1970, with the remaining sections 8 through 12 engineered through the 1980's. A concept plan for Sections 13-17 was drawn in 1990. As you can see, development has been controlled in this area and developed as market conditions allowed. The 12" main in Hershey was completed up to Section 17 by January 1992 and in the interim the other end of the 12" loop was connected to Sterling Road.

Therefore, approximately 1070 LF of water main (of which approximately 260 feet of the extension will be required to close the loop) will be installed by the developer to supply service to the aforementioned property. If approved, the developer will move through the

Pre-Annexation Policy requests and through the design process as approved by the Utilities Department Engineering Division. The project will produce up to 18 lots depending upon site plan approval, up to $45K in Water Division Allocation Fees and will have a negligible effect of the production and distribution system.

Financial Impact:
Water Allocation Fees up to $45,000 and future consumption billing

Recommendation:
Requested approval

Motion:

I hereby move that
the Mayor and City Council Approval of an Exemption to the Water and Wastewater Policy under "Exemption 2. System Improvement" i n order to supply water service for no more than 18 lots at Section 17 Van Lear Manor.

Action Dates:
Regular Session October 22, 2013

ATTACHMENTS:

Name:	Description:
Memo_for_Water_Division_Van_Lear_Water_Service_Request_101513.doc	Memo for Water Division Van Lear Water Service Request 101513
Motion_for_Van_Lear_Water_Service_Policy_Exemption_102213.doc	Motion for Van Lear Water Service Policy Exemption 102213
Water_and_Wastewater_Policy_Sept_2009.doc	Water and Wastewater Policy Sept 2009
Van_Lear_Water_Extension_Overlay_101313.pdf	Van Lear Water Extension Overlay 101313

City of Hagerstown

Hagerstown Light Department

Department of Utilities

425 East Baltimore Street
Hagerstown, MD 21740-6105

1 Clean Water Circle
Hagerstown, MD 21740-6848

51 West Memorial Blvd
Hagerstown, MD 21740-6848

October 15, 2013

TO: Bruce Zimmerman, City Administrator

FROM: Michael S. Spiker, Director of Utilities MSSpiker

SUBJECT: Van Lear Water Service Request/Policy Exemption Request

ACTION: Discussion/Approval of Exemption Request

In early September, Mr. Lee Downey met with Utilities Staff to discuss an extension of water service to up to 18 lots at Section 17 Van Lear Manor located on Hershey Drive. The location of the requested service is external to the City of Hagerstown's Medium Range Growth Area (MRGA) and in order to supply water service, will require an approved exemption by the Mayor and Council under "Exemption 2. System Improvement" of the City of Hagerstown Water and Wastewater Policy. Exemption 2 states; "Upon the recommendation of the Director of Utilities to, and approval by, the Mayor and Council, a system extension would provide a vital improvement or enhancement to the operation or efficiency of the water and/or wastewater system."

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Therefore, approximately 1070 LF of water main (of which approximately 260 feet of the extension will be required to close the loop) will be installed by the developer to supply service to the aforementioned property. If approved, the developer will move through the Pre-Annexation Policy requests and through the design process as approved by the Utilities Department Engineering Division. The project will produce up to 18 lots depending upon site plan approval, up to $45K in Water Division Allocation Fees and will have a negligible effect of the production and distribution system.

Phone 301.739.8577 ext. 143 Electric   Fax 301.739.7958   TDD 301.797.6617
Phone 301.739.8577 ext. 650 W/WW   Fax 301.733.2873   TDD 301.797.6617

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

DATE: October 22, 2013

TOPIC: **Approval of an Exemption to the Water and Wastewater Policy in order to supply water service for no more than 18 lots at Section 17 Van Lear Manor**

Charter Amendment	☐
Code Amendment	☐
Ordinance	☐
Resolution	☐
Other	■

MOTION: I hereby move that the Mayor and City Council Approval of an Exemption to the Water and Wastewater Policy under "Exemption 2. System Improvement" in order to supply water service for no more than 18 lots at Section 17 Van Lear Manor.

DATE OF INTRODUCTION: 10/22/13
DATE OF PASSAGE: 10/22/13
EFFECTIVE DATE: 10/22/13

City of Hagerstown
Water and Wastewater Policy
Adopted: February 24, 2004
Amended: July 29, 2008
Amended: September 22, 2009

The City of Hagerstown will not extend water or wastewater services beyond the Hagerstown Medium-Range Growth Area or the Hagerstown Long-Range Growth Area as defined in the City's Annexation Policy, and shall not allow new connections to the existing lines located outside the Hagerstown Medium-Range Growth Area or Long-Range Growth Area. Reference: City of Hagerstown 2008 Comprehensive Plan, Policy 4-4. The following seven exceptions may be granted:

1. Condemnation or Impending Failure of an Existing Private Water or Septic System. The governing health authority has provided a request with documentation or certification to the Utilities Department that, to obtain a water or wastewater service connection, the existing private water or wastewater system for an existing dwelling or nonresidential building has been condemned, or has impending failure**,** and a reasonable alternate system is otherwise not available. Service approved by the Utilities Department using this exception is contingent upon acceptance and signing of a service contract by the owner providing for the allocation of costs of extending and maintaining the service to the property and that such service shall be subject to all applicable policies, procedures and practices. Reference: City of Hagerstown 2008 Comprehensive Plan, Policy 4-4.

2. System Improvement. Upon the recommendation of the Director of Utilities to, and approval by, the Mayor and Council, a system extension would provide a vital improvement or enhancement to the operation or efficiency of the water and/or wastewater system.

3. Connection to an Existing Lot of Record. Service approval by the Utilities Department is contingent upon the following: (a) outside the Long-Range Growth Area, lot was an existing lot of record prior to February 24, 2004; (b) between the Medium-Range Growth Area and Long-Range Growth Area boundaries, lot was an existing lot of record prior to April 22, 2008; (c) lot is contiguous to a right-of-way containing a City water or wastewater line that was in existence at the time the property became a lot of record. Any exception the Utilities Department may determine is warranted will be given with the following limitations and conditions: (a) the maximum allocation shall not exceed two hundred (200) gallons per day or one dwelling unit, or 400 gpd for a two-family dwelling if allowed by County zoning and if does not involve a subdivision; and b) service is contingent upon acceptance and signing of a service contract by the owner providing for the allocation of costs of extending and maintaining the service to the property and that such service shall be subject to all applicable policies, procedures and practices.

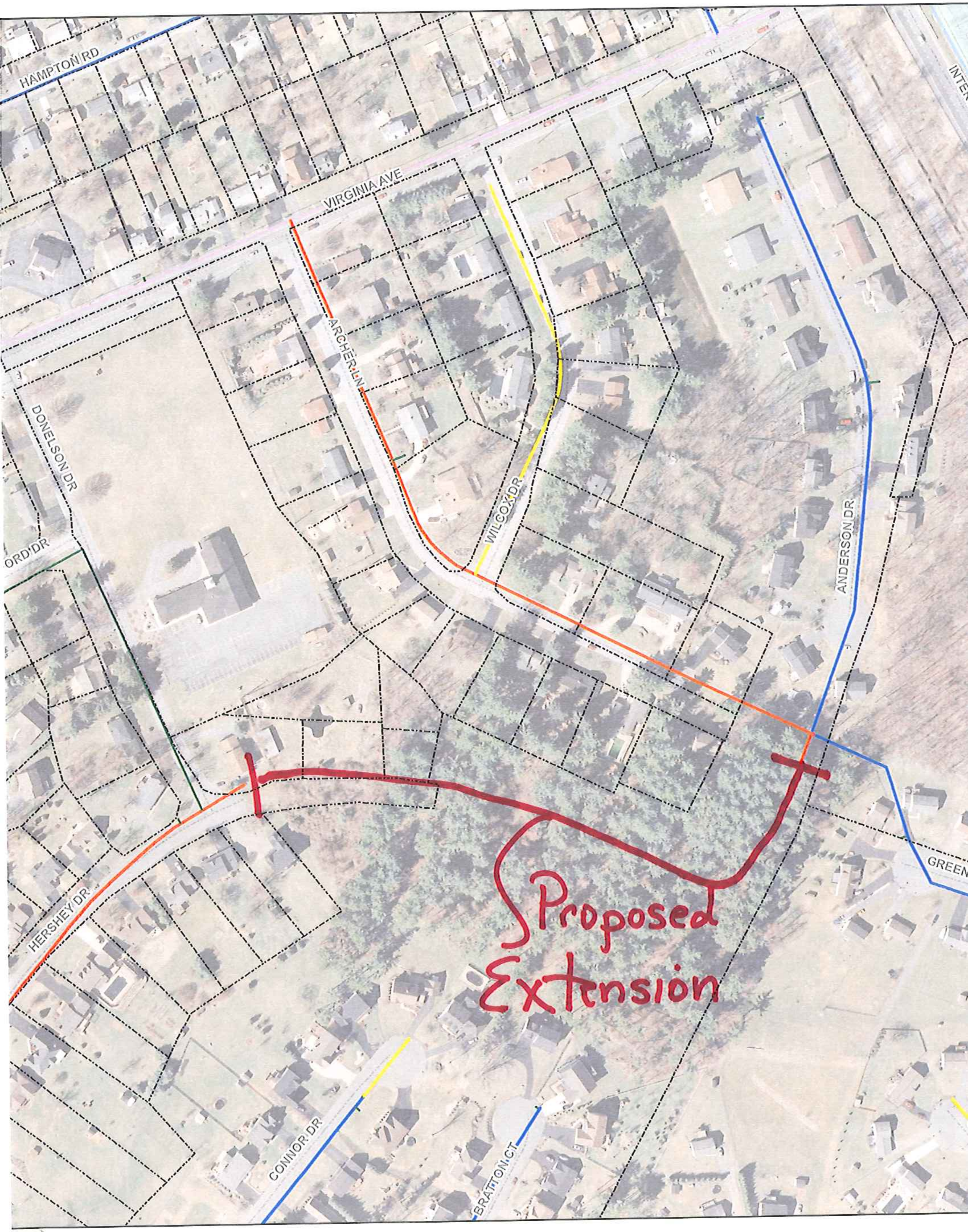
4. Redevelopment of a Property Containing an Existing Customer. Service approval by the Utilities Department using this exception is contingent upon there being no addition of land area to the existing lot(s) of record containing the existing customer(s) and there being no increase in the existing allocation as a result of the redevelopment.

5. Pre-existing Water or Wastewater Agreement. Service approval by the Utilities Department using this exception is contingent upon a water or wastewater agreement having been in place prior to July 29, 2008, which guaranteed water or wastewater service to this property as a condition of the construction and/or provision of land for the construction of the water or wastewater line at issue.

6. Economic Development Project. Service approval using this exception is contingent upon recommendation of the County Commissioners, the City and County Economic Development Directors, and the Director of Utilities to, and approval by, the Mayor and Council, for a vital economic development project located in a targeted area for industrial and/or non-retail commercial development.

7. Pre-Annexation Agreement. Service approval by the Utilities Department using this exception is contingent upon a pre-annexation agreement having been approved by the Planning and Code Administration Division and recorded in the County Courthouse prior to April 22, 2008.

The granting of exceptions one through five above is contingent upon the property owner submitting a pre-annexation agreement to the City of Hagerstown that offers the property for annexation at such time as the corporate boundaries of the City reach the property and the Mayor and City Council determines annexation to be advantageous to the City of Hagerstown. For exception number six above, this pre-annexation agreement requirement may be subject to negotiation between the City of Hagerstown and Washington County.


HAMPTON RD
VIRGINIA AVE
ARCHER LN
WILCOX DR
ANDERSON DR
DONELSON DR
ORD DR
HERSHEY DR
CONNOR DR
BRATTON CT
GREEN
INTER
Proposed Extension

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:

Housing and Neighborhood Vision and Commitment

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
REVISED_MC_Housing__Neighborhood_Vision_101013_(2).doc	Housing Resolution
REVISED_Memo_Housing_and_Neigborhood.pdf	Housing Resolution

CITY OF HAGERSTOWN, MARYLAND

Department of Community & Economic Development

TO: Bruce Zimmerman, City Administrator

FROM: John Nathan Lestitian, Director DCED

DATE: October 10, 2013

RE: Housing and Neighborhood Vision and Commitment

In previous discussions the Mayor and City Council have stressed the importance of housing and neighborhoods. In follow-up, staff seek an opportunity to present and receive input from the Mayor and City Council on a staff proposed Resolution. Staff also seek direction to prepare the Resolution for approval at Regular Session on October 22nd. The purpose of the Resolution is to establish the City's Vision and Commitment to housing and all City neighborhoods.

Housing and neighborhoods are foundational for community development, economic development and the quality of life for our residents. Currently the City, through prior action by the Mayor and City Council and the daily efforts of staff, works to ensure that housing and neighborhoods are welcoming, safe, and clean. We would like to further emphasize this priority.

Staff believe that approving the attached Resolution is important to clearly communicate to residents and staff this priority and the foundation it sets for our efforts. Staff will then utilize this approved vision and commitment as the guide by which current and future housing and neighborhood programs, initiatives and proposed legislation are developed and implemented.

Attachment:

c. DCED Leadership Team
file

Elizabeth Hager Center • 14 North Potomac Street • Hagerstown, MD 21740-4987
www.hagerstownmd.org fax: 301-791-2650

CITY OF HAGERSTOWN, MARYLAND
Department of Community & Economic Development

TO: Bruce Zimmerman, City Administrator

FROM: John Nathan Lestitian, Director DCED

DATE: October 10, 2013

RE: Housing and Neighborhood Vision and Commitment

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www.hagerstownmd.org fax: 301-791-2650

REQUIRED MOTION

MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND

Topic:
Artists Housing

Mayor and City Council Action Requested:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

Name:	Description:
Artist_Housing.pdf	Artists Housing

CITY OF HAGERSTOWN, MARYLAND
Department of Community & Economic Development

TO: Bruce Zimmerman, City Administrator

FROM: John Nathan Lestitian, Director DCED

DATE: October 10, 2013

RE: Artist Housing Update

Staff seek an opportunity to update the Mayor and City Council on the Artist Housing project at 36 – 40 North Potomac Street.

Renovations: The residential renovations are now complete. Staff continue to show the apartments to the City's Arts and Entertainment Partners, and the feedback is positive. Staff are coordinating the renovations of the gallery space and anticipate that the renovations will be complete by the end of the calendar year. The scope of the work includes refinishing the original flooring, repairing and/or replacing interior surfaces, modifications to the restroom, new lighting and related HVAC and electrical work.

Networking: Staff have met with artist, art educators, the A&E Management Board, BISFA officials, BISFA Foundation officials and others. Additionally, staff have had positive discussions with BISFA in reference to dedicating a portion of the gallery space for the display of student art. Discussions have also included the possibility of establishing a program whereby students would learn how to operate a gallery. Through word of mouth several artists have expressed interest in applying to be a resident artist.

Program Guidelines: Through the networking noted above, staff have received input on the development of guidelines for the operation of the gallery space and the recommendation of residents. While the guidelines are being finalized, the basics include that a panel of art professionals would provide insight in recommending an artist for rental of an apartment. The City will conduct regular tenant screening and ultimately decide on a selection of a tenant. Tenant agreements will require participation and assistance in the operation of the gallery space. It has become evident that one of the residents will have to have additional responsibilities in the coordination of the gallery space and the resident artist.

Fund Raising: Staff are prepared to launch a fundraising campaign to assist with outfitting the gallery. Staff believe that naming the gallery space in exchange for a donation is appropriate. With Mayor and City Council approval, staff will organize and begin the campaign.

Open House: Staff are planning an OPEN HOUSE / Call for Artist in early November. The goal will be to generate additional interest in participating in the Artist Housing and Gallery. Staff will send specific information on the event to the Mayor and Council in the coming weeks.

Coordination of Gallery: As noted above under the Program Guidelines section, staff have determined that it will be necessary for one of the residents to have additional responsibilities in coordinating the gallery. Staff believe that it is necessary to offer an apartment rent-free in order to recruit and retain a qualified person to perform these tasks. Staff have received feedback from some individuals who expressed that depending on the scope of the additional responsibilities, a stipend may also be required. Staff seek consensus from the Mayor and Council to recruit a resident artist to handle the additional responsibilities of coordinating the gallery, the participation of other resident artist and the events at the gallery. In return for performing these tasks the City will offer an apartment rent-free. As a result of discussion in the community, several email inquiries, resumes and proposals have been received. It is important to note that while the investment in this project has been substantial there is no debt service on this building (approximately 92% of the project has been financed with State and Federal grants).

Staff will be available to discuss each of the sections above in detail at the meeting. Staff appreciate your past and current support of this project in the Arts and Entertainment District.

c. DCED Leadership Team
file