

RESOLUTION NO. 2408

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND DECLARING THAT KRAUS DEVELOPMENT, LLC IS ELIGIBLE TO RECEIVE ENTERPRISE ZONE BENEFITS FOR PROPERTY LOCATED AT 520 MARVEL ROAD, SALISBURY MD.

WHEREAS the City of Salisbury, Maryland and Wicomico County created an Enterprise Zone on June 6, 1983 for the purpose of encouraging economic development of the area encompassed within the boundaries of such zone; and

WHEREAS the Enterprise Zone was created under authority granted by the State of Maryland; and

WHEREAS the State Code permits certain benefits to be extended to businesses that locate or expand in the Enterprise Zone provided that they meet certain standards; and

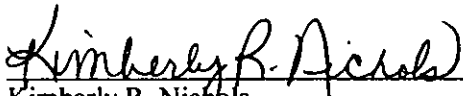
WHEREAS, the City of Salisbury and Wicomico County have also established certain standards, which must be met in order for a business to be deemed eligible to receive Enterprise Zone benefits; and


WHEREAS, Kraus Development, LLC meets the standards set forth in the State Code and in local regulations to be eligible to receive Enterprise Zone benefits; and

WHEREAS, Christina Donahue, representing Kraus Development, LLC has requested that the company be designated as eligible for Enterprise Zone benefits because of its investment of more than \$50,000 at their property located in the zone at 520 Marvel Road;

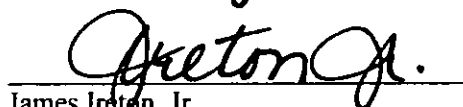
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland that Kraus Development, LLC be designated as eligible to receive the benefits of the Enterprise Zone effective upon the adoption of this resolution.

The above Resolution was introduced and read and passed at the regular meeting of the Salisbury City Council on the 23<sup>rd</sup> day of June, 2014.

  
Kimberly R. Nichols  
CITY CLERK

  
Jacob R. Day  
PRESIDENT, City Council

APPROVED by me this  
25<sup>th</sup> day of June 2014.

  
James Irton, Jr.  
MAYOR, City of Salisbury

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**INTER**

**OFFICE**

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# MEMO

## Office of the Mayor

**To:** City Council  
**From:** Tom Stevenson *TJS*  
**Subject:** Enterprise Zone Eligibility – Kraus Development, LLC - 520 Marvel Road  
**Date:** June 5, 2014

Attached is a copy of the application requesting Enterprise Zone designation for Kraus Development, LLC from Christina Donahue. I have reviewed this application and, to the best of my knowledge, this establishment meets all of the qualifications to be so designated. This property is located within the boundaries of the City's Enterprise Zone, and this company has invested more than \$50,000 in the property.

I recommend that the City Council adopt the attached resolution designating Kraus Development, LLC located at 520 Marvel Road, eligible to receive the benefits of the Enterprise Zone.

The Mayor concurs with this recommendation.

As a reminder, companies that are declared eligible for enterprise zone benefits are able to receive both income tax and property tax benefits for ten years. The purpose of this program is to encourage industries to locate in areas identified as enterprise zones and to reinvest in such properties.

cc: Mayor Ireton  
Kim Nichols

Attachments

REQUEST FOR STATE ENTERPRISE ZONE QUALIFICATION  
IN THE CITY OF SALISBURY

This application allows us to determine whether or not your business is eligible to receive Enterprise Zone benefits. Please return the application to:

M. Thomas Stevenson, Jr., Interim City Administrator  
City of Salisbury  
125 North Division Street  
Salisbury, MD 21801-4940

If determined eligible, you will receive a letter confirming this determination from the City of Salisbury. Keep the letter as proof of your Enterprise Zone certification.

GENERAL INFORMATION NEEDED:

NAME OF FIRM: KRAUS DEVELOPMENT LLC

CONTACT PERSON: CHRISTINA BUCHANAN PHONE: 800-466-8020

PRESENT LOCATION: BALTIMORE, MD 520 Marvel Road

TYPE OF BUSINESS: REAL ESTATE DEVELOPMENT

FEDERAL TAX ID NO. \_\_\_\_\_ NAICS CODE: \_\_\_\_\_

HOW LONG IN THIS LOCATION: \_\_\_\_\_  
OWNER OF REAL PROPERTY WHERE BUSINESS IS LOCATED: \_\_\_\_\_

KRAUS DEVELOPMENT LLC

ADDRESS OF OWNER: 800 RACE RD  
BALTIMORE, MD 21230

OUR COMPANY QUALIFIES FOR ENTERPRISE ZONE BENEFITS BECAUSE (CHECK ALL THAT APPLY):

- WE HAVE CREATED MORE THAN TWO FULL-TIME POSITIONS SINCE LOCATING IN THE ENTERPRISE ZONE\*.  
\* (EMPLOYEES WORKING IN EXCESS OF 35 HOURS PER WEEK ON AVERAGE ARE CONSIDERED FULL TIME.)
- WE HAVE INVESTED MORE THAN \$50,000 IN OUR PROPERTY LOCATED IN THE ENTERPRISE ZONE.

IF COMPANY QUALIFIES FOR ENTERPRISE ZONE BENEFITS DUE TO JOB CREATION, PLEASE COMPLETE THE FOLLOWING:

DATE COMPANY LOCATED IN THE ENTERPRISE ZONE: \_\_\_\_\_

NUMBER OF FULL-TIME EMPLOYEES EMPLOYED AT THIS LOCATION ON THE DATE COMPANY LOCATED IN THE ENTERPRISE ZONE: \_\_\_\_\_

(Please provide a list of names of the employees hired into new positions since the company located in the Enterprise Zone.)

CURRENT NUMBER OF FULL-TIME EMPLOYEES EMPLOYED AT THIS LOCATION: \_\_\_\_\_

IF COMPANY QUALIFIES FOR ENTERPRISE ZONE BENEFITS DUE TO INVESTMENT IN THE PROPERTY, PLEASE COMPLETE THE FOLLOWING:

APPROXIMATE DATE ON WHICH IMPROVEMENTS WERE COMPLETED:  
MARCH 1, 2014

BRIEFLY DESCRIBE IMPROVEMENTS: RENOVATION & SUBDIVISION OF  
DILAPIDATED RAILWAY TERMINAL INTO 3 TENANT OFFICE/WAREHOUSE/ SERVICE  
FACILITY

APPROXIMATE COST OF IMPROVEMENTS: \_\_\_\_\_

**Enterprise Zone Property Tax Calculation  
Kraus Development, LLC**

Assessment Value of Improvement	\$232,000.00	Property Tax Rate	\$0.819
Per \$100	\$2,320.00		
Annual Tax	\$1,900.08		

<u>Year</u>	<u>Total City Property Tax</u>	<u>E-Zone Credit</u>	<u>Refunded By State</u>	<u>Taxes Paid To City</u>	<u>Taxes Not Received By City</u>	<u>Total Revenue To City</u>
Year 1	\$1,900.08	\$1,520.06	\$760.03	\$380.02	\$760.03	\$1,140.05
Year 2	\$1,900.08	\$1,520.06	\$760.03	\$380.02	\$760.03	\$1,140.05
Year 3	\$1,900.08	\$1,520.06	\$760.03	\$380.02	\$760.03	\$1,140.05
Year 4	\$1,900.08	\$1,520.06	\$760.03	\$380.02	\$760.03	\$1,140.05
Year 5	\$1,900.08	\$1,520.06	\$760.03	\$380.02	\$760.03	\$1,140.05
Year 6	\$1,900.08	\$1,330.06	\$665.03	\$570.02	\$665.03	\$1,235.05
Year 7	\$1,900.08	\$1,140.05	\$570.02	\$760.03	\$570.02	\$1,330.06
Year 8	\$1,900.08	\$950.04	\$475.02	\$950.04	\$475.02	\$1,425.06
Year 9	\$1,900.08	\$760.03	\$380.02	\$1,140.05	\$380.02	\$1,520.06
Year 10	\$1,900.08	\$570.02	\$285.01	\$1,330.06	\$285.01	\$1,615.07
<b>Total</b>	<b>\$19,000.80</b>	<b>\$12,350.52</b>	<b>\$6,175.26</b>	<b>\$6,650.28</b>	<b>\$6,175.26</b>	<b>\$12,825.54</b>

March 20, 2014

Mr. Tom Stevenson  
Interim City Administrator  
City of Salisbury  
125 North Division St  
Salisbury, MD 21801

Re: Enterprise Zone Application

Dear Tom:

I am representing two clients in applying for Enterprise Zone designation. Both have taken dilapidated old buildings in the city and made them into a functional locations for new and expanding businesses.

I have completed the attached applications but I am not sure that tells the whole story. I felt a letter of clarification would be helpful to your evaluation

**306 West Main Street (former Ethan Allen)**

This property was purchased by Westwood Development LLC for renovation and leasing to Patsy's Bridal who is relocating this month from a much smaller shop in the Gallery Building. As stated on the attached letter from Gillis Gilkerson, over \$465,000 in renovations has been invested in the renovations.

The tax ID for the property is 23-09-052542

Westwood has entered into a lease with Patsy's whereby the real estate taxes on the property will be paid by the tenant. Westwood hereby requests EZ designation based on having spent more than \$50,000 in improvements

Patsy's may create some additional jobs but has not done so just yet. Can we re-apply for the jobs credit once the designation is in place?

**520 Marvel Road (former Roadway Trucking Terminal)**

This property was purchased by Kraus Development LLC. Since acquisition in May of 2012, they have totally renovated the building façade and interior and created three tenant spaces. The building is now 100% leased. As stated on the attached letter from the owner (who is also a General Contractor) they have invested in excess of \$232,000 in the renovations.

Mr. Tom Stevenson  
March 3, 2014  
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This property is actually two tax ID's as it is situated on two lots.

23-09-045317 (contains the building and bulk of the land)  
23-09-076042 (small extra parcel for future expansion – which is being planned)

Kraus Development has entered into 3 leases whereby the tenants pay the RE taxes.

- AlSCO (linen distribution)
- Krispy Kreme (bakery distribution)
- Fletcher Diesel (truck repair)

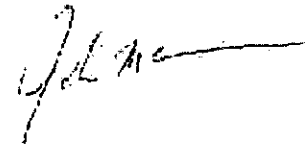
AlSCO reports that they could add new jobs, and hope to do so, since relocating to this building. Krispy Kreme is taking occupancy this month and will have 8-10 full time employees which are all new to Salisbury and Wicomico County. They previously served this area from Virginia Beach.

Kraus Development hereby requests EZ designation based on the renovations.

Do you need a separate form from the two tenants outlining their jobs creation?

I am representing both companies through the application process, so please let me know what additional information you need and what additional steps I need d to take on behalf of my client to finalize this process.

Sincerely,



John McClellan, CCIM  
Senior Advisor  
Direct 410-543-2428  
[john.mcclellan@svn.com](mailto:john.mcclellan@svn.com)