

CITY OF SALISBURY
WORK SESSION
JANUARY 7, 2019

Public Officials Present

Council President John R. "Jack" Heath
Council Vice President Muir Boda
Councilwoman April Jackson

Mayor Jacob R. Day
Councilman James Ireton, Jr.
Councilman R. Hardy Rudasill

In Attendance

City Administrator Julia Glanz, Department of Infrastructure and Development Director Amanda Pollack, Finance Director Keith Cordrey, Procurement Director Jennifer Miller, Field Operations Director Tom Stevenson, Field Operations Assistant Director Ben Baker, City Planner Anne Roane, City Clerk Kim Nichols, City Attorney Mark Tilghman, interested citizens and members of the press.

On January 7, 2019, Salisbury City Council convened in a Work Session at 4:35 p.m. in Council Chambers, Room 301 of the Government Office Building. The following is a synopsis of the topics discussed in Work Session.

Honeywell Guaranteed Savings Performance Contract / Budget Amendment Proposal

Procurement Director Jennifer Miller and Energy Consultant Richard Anderson joined Council at the table. Ms. Miller discussed three options the City had regarding the Honeywell Guaranteed Energy Savings Performance Contract (GESPC) based on a mix of various energy conservation measures. Originally, the intent was to perform much needed improvements at the Police Department to replace the chiller, but it was later determined that the entire heating and cooling system needed replacing. Replacing the system would not yield enough savings to pay for itself. The scope of work was refined to accomplish the main goal of performing needed mechanical improvements at the Police Department to be off-set by a balance of other conservation measures at the Fire Station, street lighting, the Zoo, the WWTP, etc. to balance the lack of energy savings at the Police Department with those things that do not cost as much to but have much greater energy savings. Ms. Miller explained the City could do one of the following three scenarios:

1. Perform limited HVAC improvements at the SPD within the available \$300,000 funding.
2. Perform comprehensive HVAC improvements at the SPD by utilizing the \$300,000 in available funding plus an additional amount (budget amendment) to complete the necessary work.
3. Perform comprehensive HVAC improvements at the SPD in addition to the other energy conservation measures identified that yield higher energy savings to off-set the high capital investment to replace the SPD HVAC system. (Because the GESPC

would need a budget of approximately \$1.42 to \$1.45 million, this option would go in fully and is the only option where the City would receive guaranteed energy savings.)

Ms. Miller explained the team chose Option # 3 because it would accomplish the work needed at the SPD Headquarters and provide energy savings to the other City facilities. President Heath discussed the 18-year payback with the repair or replacement chiller and equipment and stated there were two decisions to be made; 1) what to do about the SPD chiller and 2), the rest of it. Mr. Anderson reported the following return on investment data: Police Department (chiller system) - 24 years, Fire Department Station 1- 8.6 years, Fire Department Station 2- 6.8 years, Administrative Services- 5.7 years, Salisbury Service Center building envelop- 15 years, Warehouse- 10 years, WWTP- 10 years, Paleo Plant- 6 years, Zoo- 7.8 years, and Street Light Conversions- 11 years (includes new poles and other infrastructure needed). He said the average, excluding the SPD chiller was 9-10 years for all of the other improvements, and the return was about 25 years for the SPD chiller.

Mr. Anderson said there were about \$650,000 worth of improvements made between 2009 and 2010 with the stimulus money received. The average payback during that time was a 6 ½ year payback overall. This was a simple payback, unfinanced, and did not include some of the outside administrative costs to administer the project. Because this was a GESPC, it comes under a protocol that requires measurement and verification. At the end of the first year, if the savings is not there, they have to reduce their payments schedule and the guarantee must match the savings.

Ms. Miller said of the \$1.7 million, about \$1.4 million is true hard, costs. There was about 6% in Honeywell's overhead, 3% in Honeywell's profit, and 10% on a project services fee total.

After discussion, Council reached consensus to advance the legislation to legislative session.

Budget Amendment- Street Sweeper

Field Operations Director Tom Stevenson joined Council and discussed the budget amendment to purchase a new street sweeper. Due to an unforeseen change in emissions control requirement by the Federal Government (from a Tier III engine to a Tier IV engine) that occurred after the initial quote was secured, Mr. Stevenson explained that there was now a \$24,250.00 shortfall in the account in order to meet the new expectations.

Council reached unanimous consensus to advance the budget amendment to legislative agenda.

Property Line Adjustment – 2440 Goddard Parkway

Department of Infrastructure and Development Director Amanda Pollack explained the property owner was in the process of re-subdividing his property and realized there was encroachment on City property from a building on the City Shooting Range that was built 18 to 20 years ago. A new plat for City consideration was prepared to adjust the property line instead of having to tear down the building. It lies in the forested area of the shooting range, so it does not impact range operations. The adjustment is a clean, equal swap of acreage.

Council reached unanimous consensus to advance the legislation to legislative agenda.

Delmarva Power Utility Easement Salisbury University

City Planner Anne Roane explained the developers of the building located at 132 E. Main Street wish to eventually connect to the City Parking Garage (not discussed with Council yet). In order to do so, a utility easements agreement between the City and Delmarva Power is required because Delmarva Power would not allow a structure to be built over their power lines. The agreement would allow Delmarva Power to install and maintain the electric equipment that will be buried underground and run through the City owned property, which is basically an alley.

Mr. Ireton asked if the decision would create a precedent, and Mr. Tilghman said similar agreements have been made for Salisbury University. Mayor Day said it has also been done for homeowners, and he could not recall anytime it was requested and not granted. Mr. Tilghman said the real issue was to ensure it did not interfere with City operations.

Council reached unanimous consensus to advance the easement to Legislative Agenda.


Motion to Convene in Closed Session

At 5:43 p.m. President Heath adjourned the Work Session and then called for a motion to convene in Closed Session to discuss a legal matter in accordance with the Annotated Code of Maryland §3-305(b)(7). Mr. Boda moved, Ms. Jackson seconded, and the vote was unanimous to convene in Closed Session.

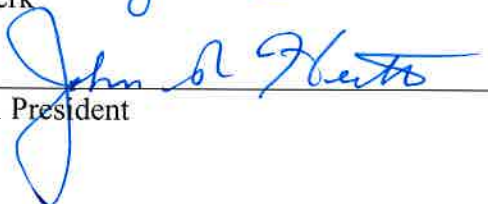
At 5:59 p.m., the Closed Session was adjourned upon a motion and seconded by Mr. Boda and Ms. Jackson, respectively and approved by unanimous vote in favor.

Open Session

Council immediately convened in Open Session whereby President Heath reported to the Public that Council had met in Closed Session and received an update on a legal matter. There being no further business to discuss, Council adjourned at 6:00 p.m.



City Clerk



Council President