

CITY OF SALISBURY  
WORK SESSION (VIA ZOOM MEETING)  
JUNE 1, 2020

Public Officials Present

Council President John “Jack” R. Heath  
Councilwoman Angela M. Blake  
Councilwoman April Jackson

Mayor Jacob R. Day  
Councilwoman Michele Gregory

Public Officials Absent

Council Vice President Muir Boda

In Attendance

Deputy City Administrator Andy Kitzrow, Business Development Director Laura Soper, Department of Infrastructure and Development (DID) Director Amanda Pollack, Permits and Inspections Manager William Holland, City Annexation Consultant Michael Sullivan, City Attorney Mark Tilghman, and City Clerk Kimberly Nichols

---

On June 1, 2020 the Salisbury City Council convened in a Work Session at 5:30 p.m. following the 4:30 p.m. Special Meeting. The following is a synopsis of the topics discussed:

**Transitioning 1/4 of Revolving Loan Funds into a Downtown COVID-19 Emergency Microgrant Fund**

Business Development Director Laura Soper explained the COVID-19 Emergency Microgrant was created to assist the Downtown businesses negatively affected by the COVID-19 pandemic. First priority for funding would be given to businesses that were mandated to fully close such as non-essential retail, salons, etc. (Tier 1). If funds were still available after the Tier 1 businesses applied, secondary businesses impacted by partial shutdowns could apply and potentially receive funding. She said the City’s Revolving Loan account balance was \$279,552 and her proposal would use ¼ of the funds (\$69,888) for the program. The grants would be available on a lottery basis for qualified Downtown businesses within the Revolving Loan map area for up to \$2,300 per application.

Ms. Soper discussed the program guidelines and process by which the businesses could apply.

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

**Budget amendment for Gordy Road Water Main**

DID Director Amanda Pollack reported the City recently bid the Gordy Road Water Main Extension construction and related RFP for Construction Administration and Inspection. She explained the Gordy Road Water Main extension project was a critical project to loop the City's water system on the eastern side of the City and to provide redundancy in the distribution system. DID was unable to find opportunities to value engineer to reduce the scope of work because the scope was relatively straightforward. The project came in over the \$2 million budget with bids ranging from \$2.1 million to \$3.6 million.

To fund the project, Ms. Pollack requested reallocating unused lawsuit proceed funds in the Fitzwater Lift Station account. The lift station was under construction and above normal levels of contingency funding. The \$300,000 budget amendment would provide for the bid plus contingency for both the construction bid and the Construction Administration and Inspection proposal.

Council reached unanimous consensus to move forward with the budget amendment.

### **1305 S. Division Street Annexation Plan (old Skateland property)**

Permits and Inspections Manager William Holland reported on the annexation request for the former Skateland property, currently home to Mitchell's Martial Arts, Classic Cakes, and many other small businesses. The request to annex the approximate three acres was made due to their need to connect to City water and sewer. On May 16, 2019 the Salisbury-Wicomico Planning Commission forwarded a favorable recommendation to Mayor and Council for the property to be zoned General Commercial upon annexation.

Mr. Holland discussed the annexation's fiscal impact to the City. Annexed land immediately became subject to real property tax levied by the City. The Maryland State Department of Assessment and Taxation assessed the value of the property at \$1,665,000 and at the current real property tax rate the City could expect annual revenue from taxes to be approximately \$16,650. The cost to bring the property into the City was approximately \$12,000 and would have a net positive income of approximately \$4,500. He reported the City also charged user fees, capacity fees and impact fees. Approximately (31) EDUs would be required to serve the users water and sewer at the property. Since the current Capacity Fee was \$3,533.00 per Equivalent Dwelling Unit (EDU), the City would receive the one-time Connection Fee payment in the amount of \$109,523. Additionally, the petitioner agreed to install sidewalks along the full public road frontage and to pay \$27,304.25 upon the expiration of 365 days after the effective date of the annexation resolution.

City Annexation Consultant Michael Sullivan reported Mr. Bret Davis, owner of the property and president of the condo association in charge of the maintenance was in the Zoom meeting. Mr. Sullivan discussed the Annexation Agreement and scope of the annexation, which he said was a much more comprehensive annexation than those usually brought into the City, not due to the size of the property but because it had (31) different tax assessments to benefit the City through Personal Property taxes and other business fees. He said the developer wished to annex because the waste water connection to the property needed addressing in order to facilitate the business concerns.

Mr. Davis said he sought annexation because of the needs of Mitchell's Martial Arts. Their camp housed up to 300 children and ran off of two septic systems, which were pumped every two weeks. He volunteered to have the sidewalk installed and to install new LED street lights with panels to ensure it was well lit. Mr. Davis said the initial EDU count was based on the number of tax assessments, and there were eight or nine storage buildings at the rear of the property, each a tax assessed unit. He noted the EDU count should be closer to 22 or 23, and the City would still make a very large amount off of the annexation. When they did the first set of revisions he noticed the number and other modifications that would eventually be made. He told Council that his property was currently an enclave, and knew that removing enclaves in the City was important. He was also hopeful to be a part of the City.

Mr. Sullivan said if the number of EDUs was something other than 31, it was coincidental that it turned out to be the same number of tax assessed properties. It was the EDU calculation shown on the first page of the site detail - sixteen for the school and fifteen for retail. If the calculations changed he wanted to ensure that the site plan was changed.

Regarding the EDUs, Ms. Pollack said that Mr. Davis was not currently requesting a waiver.

Council reached unanimous consensus to advance the project forward.

### **Comprehensive Connection Charges Discussion**

DID Director Amanda Pollack informed Council that the topic was currently for discussion and there would have to be numerous meetings and discussions before legislation was introduced. She reported in 2018 the City hired a consultant to examine water, sewer, and comprehensive connection charges. After receiving the report, the City addressed water and sewer rates. This discussion was to ensure the connection charges were equitable and the City was providing incentives for growth in the right area. Over the years, the City's connection charges have been confusing. The way capacity fees were currently in the Code was based off a ten-year Capital Improvement Plan (CIP). These fees were last addressed in 2013 when the last CIP was passed.

Ms. Pollack said the consultant proposed an equity-based fee to replace capacity fees and central system line fees. For new developers it would still be a growth piece for growth concept, but they would be buying into the system at a rate taking into the account the value of the existing system. There was a "value" of both the water system and the sewer system, and would still have a water component and a sewer component. She discussed the equation for calculating connection fees (subtract any current debt or grants that paid for the system from the value of the system, divide by the capacity of the system in EDUs). Since they were looking at water and sewer separately, they were looking at two different capacities. She explained on the water side, the Water Appropriations Permit provided the amount of water they could withdraw during the year. The average was 7.67 million gallons per day allowing for provisions for higher months. For wastewater, the City's new wastewater plant was rated at 8.5 million gallons per day. They converted the values to EDUs where one single family house was one EDU and approximately 250 gallons per day. Based on the calculation and adjusting to this year using inflation, a water connection fee would be \$5,058 and a sewer connection fee would be \$4,688. The total connection fee per EDU would be \$9,746. The fee system would be simplified by having one connection fee rather than several confusing fees. It would be based on the system's infrastructure with the existing equity and capacity built into the system. Capacity Fees were only used for capacity-based projects. With the proposed structure, fees could be used for any type of infrastructure project. Ms. Pollack noted the fee amount was quite a bit more than just a Capacity Fee which currently was \$3,522 per EDU. She discussed the incentive programs which focused growth in areas which the City desired growth and acknowledged it was not the best time in the economy to increase fees.

Ms. Pollack also discussed the Sewer Connection and Water Tap Fee which reimbursed the City when Utilities and Field Operations installed a Sewer Lateral. She said what the City currently called a connection fee should be renamed Sewer Lateral and Water Meter Tap Fee. This was a more literal name and would only apply if they did that work.

It was Utilities' preference that an outside contractor be used, however they were set up still to be reimbursed. The way it was phrased was that Utilities would provide an estimate on the work and charge for the actual work.

Additionally, Ms. Pollack reported DID wanted to change the name of the Facility Fee to the Infrastructure Reimbursement Fee to reimburse for infrastructure already placed in developments.

President Heath suggested ending the discussion at this point, as the information was a lot to absorb after a long meeting. He asked that it be placed first on the next Work Session.

This discussion was for Council's informational purposes, and no consensus or vote was taken.

### **Ordinance- FY20 General Fund Budget Amendment for Attorney Fees**

Ms. Glanz reported the Salisbury Legal Department was requesting an additional \$45,000 to their FY2020 budget. The increase was mainly due to the time-consuming work related to the Company No. 1 lawsuit. There have been additional costs for depositions transcripts and records that were subpoenaed from banks related to this case. Some of these costs are shared with LGIT, but the large majority of them belonged to the City.

City Attorney Mark Tilghman said Legal always budgeted at the lower amount, but the bulk of the request was for the Company No. 1 lawsuit, which unfortunately was delayed due to the COVID-19 pandemic. His office also experienced an unanticipated additional workload due to the pandemic. The budget amendment would carry Legal through the end of June 2020.

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


### **Council Remarks**

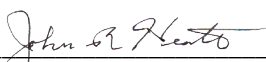
Ms. Gregory said that earlier in the day she received information on a tenant who was threatened with eviction, and she has heard of numerous others who have been threatened. She added, "Black Lives Matter." She hoped everyone was wearing their masks.

Ms. Blake asked those who were healthy enough to donate blood, and told Mayor Day he would be back sooner than everyone would think.

### **Adjournment**

With no further business to discuss, the Work Session adjourned at 6:12 p.m.

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Council President