

CITY OF SALISBURY
ZOOM BUDGET WORK SESSION
MAY 19, 2020

Public Officials Present

Council President John “Jack” R. Heath
Council Vice-President Muir Boda
Councilwoman Michele Gregory

Mayor Jacob R. Day**
Councilwoman Angela M. Blake**
Councilwoman April Jackson

***joined Zoom session late, not at the beginning of the session*

In Attendance

City Administrator Julia Glanz, Deputy City Administrator Andy Kitzrow, Finance Director Keith Cordrey, and Assistant City Clerk Diane Carter

The City Council convened in its third FY21 Budget Session at 8:30 a.m. via ZOOM Teleconferencing for General Discussion, Final Adjustments, and Approval of the FY21 Budget as it is to be presented for second reading and adoption at an upcoming Council Meeting.

The following is a synopsis of topics discussed:

Finance Director Cordrey reviewed a spreadsheet of Revenues & Expenses at the Mayor Level which reflects a use of \$2,259,000.49 of surplus, more than the usual maximum target of approximately \$1,600,000 of surplus. The amount was over the maximum target even before an exception was made for a transfer of \$570,000 which means the City is still over its targeted normal variance by approximately \$103,000 before making any additional adjustments. It was noted that the numbers do not include the potential effects of COVID-19 on FY21 Revenues.

Finance Director Cordrey then reviewed Mayor level budget item possibilities slated for discussion today which included:

- Landlord License/Registration Fees
- Procurement - Computer
- HCDD – Training
- Fire Department – Pay Plan
- Field Ops – Electrician
- Field Ops – Chipper
- Day Care Program

Finance Director Cordrey then reviewed Finance Department adjustment items for Council consideration brought up by various departments representing errors/items just discovered/new information since Council last met in Budget Work Session which included:

- Part-time Field Ops position – clarified same as last year - \$16,848
- Three additional Grants – Port Feasibility Study, Port Security, and Assistant Firefighters – net effect - \$18,500
- Mayor’s Office typo - removes approximately (\$39,000) from Dues line item

- Homeless Manager Step & Health – insert \$11,397
- Fire Department Email Accounts – listed on spreadsheet for \$7,000 – City Administrator Glanz confirmed removal of this item to Mr. Cordrey

Finance Director Cordrey called for questions which generated discussion/action on the following topics:

- Insert Chipman Center Line Item for \$2,500 and decrease Council Advertising Line Item by (\$1,000) - President Heath said he had spoken to the Mayor about including a line item for Chipman Center – City Administrator Glanz confirmed receipt of a document regarding same

President Heath invited questions/comments about previous budget work session topics discussed, deferring topic of Landlord License/Registration Fees until Mayor Day could join the Zoom session.

- Vice President Boda acknowledged that most of his list items had been covered but did bring up the following items:
 - Citywide Training discussed – was a price determined for HCDD Training?
 - Chipper requested – has price been determined if Council opts to include in budget?
 - Daycare – have any costs been determined

Deputy Administrator Kitzrow spoke about the budget process – Department Heads asked to first list essential items and then prepare a flat line budget as much as possible, reallocating funds between line items when and where applicable. First discussion of HCDD budget included the need for training funds, but Mr. Kitzrow was unsure if training was funded with new money or reallocation of funds. He further opined that much of in-person training involved lodging expense which due to COVID-19 has decreased/been cancelled and is anticipated to remain so for at least the first two quarters of 2021.

City Administrator Glanz interjected that HCDD Director Howard had since submitted a request for an additional \$2,731 for training, and she agreed with Deputy Administrator Kitzrow's assessment that more virtual sessions would be less costly. She also mentioned sharpening the pencil to determine more precisely where funds could be reallocated.

President Heath recommended looking at funding the mandatory training required by law in conjunction with looking at reallocation of funds based on overall department needs. City Administrator Glanz also said HCDD Director Howard had further provided an amount of \$1,390 for mandatory training, so perhaps funding \$1,000 and reallocating funds may be a reasonable compromise, however Council wished to approach it.

Councilwomen Jackson and Gregory had no other items as all their items had already been covered; Councilwoman Blake had not yet joined the Zoom Session.

Deputy Director Kitzrow provided an update on the status of the City providing Daycare as an employee benefit which generated Council discussion and included the following:

- a tentative budget has been established

- employee survey would be taken to determine how many employees would utilize the Daycare benefit, how much they would be able to pay, etc.
- survey results would be presented to a Daycare Task Force for review/recommendations and Councilwoman Gregory may be requested to be part of that Task Force given her expressed interest and previous experience with Daycare Administration
- planning to include it in FY22 Budget Presentation in the Spring of 2021
 - going to be set up to be self-sustaining – revenues offset expenses
 - if subsidy needed, would be presented as an essential item
- strong objective/outline established
 - determine employee interest in benefit
 - secure/negotiate facility
 - line up staff
 - estimated 15-20 employee participants needed to make it financially viable

After discussion, there was Council consensus that City provided Daycare is a priority item.

City Administrator Glanz referred back to Vice President Boda’s question about the price of a chipper since the City’s current chipper repeatedly breaks down and reported that FOPs Director Stevenson indicated the City could purchase one under a State Contract for approximately \$40,000.

Mayor Day joined the Zoom Session and acknowledged the additional changes recommended at the Mayor Level for the FY21 Budget:

- fund the five to six partners like the Chipman Center who had been sent letters that their organization had been funded but reported receiving the letter late
- adjustment due to evaluation of a Police Supervisor that should be accommodated in the budget without a Council Level adjustment
- adjustment in pay plan of \$5,000 for Mayor’s Office Employee –an agreement set in place over a year ago but not funded in FY20 Budget

Mayor Day initiated discussion on the proposed increase to the Rental Registration and Landlord License Fees and discussion topics included:

- Council had been significantly lobbied
- City eliminating the justifiable increase this year – current fees do not cover the costs associated with processing and issuing the required documents - and making up the difference in revenue from surplus contingent upon the status of the cooperative relationship between the City and Landlord partners while trying to keep tenants housed during COVID-19 Pandemic
- some landlords indicating possibility of passing fee increase on to tenants
- misdemeanor if landlords pass the fee increase to tenants during COVID-19 Pandemic
- rent relief application and payment process – does payment go to tenant or directly to landlord
- rent relief payment processes already in place through Salisbury Neighborhood Housing Services (SNHS) which adhere to governmental guidelines/regulations
President Heath asked the Mayor to request a copy of the guidelines/regulations from SNHS Executive Director Meadows – Mayor Day referred to upcoming CDBG Legislation

and Public Hearing for COVID-19 money and coordinating Council's request for information with SNHS Executive Director Meadows at that same time

Finance Director Cordrey clarified for President Heath that the differential was now \$98,213 away from the budget target.

Additional Council comments and discussion topics at this time included:

- offering a discount or assessing punitive costs for landlords adhering to or in violation of City policies respectively – not a possibility because fees must be reflective of expenses
- additional questions for SNHS Executive Director Meadows about rental assistance payment process and renters' knowledge of process and events – *City Administrator Glanz was able to clarify the process for Council*

President Heath generated additional Council comments and discussion by asking if there was Council consensus to eliminate the Rental Registration and Landlord License Fees from the budget which would eliminate \$150,000 in Revenue, contingent upon the status of the cooperative relationship between the City and Landlord partners while trying to keep tenants housed during COVID-19 Pandemic; if the status of the cooperative relationship deteriorated, the Fees and subsequent Revenue could be added back into the FY21 Budget.

Additional comments and discussion topics at this time included:

- behavior versus actions – people requesting no increase in fees during Monday's meeting at the same time having associate companies issuing letters of eviction to tenants that locks would be changed on Friday
- evidence suggests status of cooperative relationship between the City and Landlord partners is not good – increase in Fees should be contingent upon that status – City should not consider accommodating request from partners not operating in good faith with City or tenants
- violation of State Law due process– cannot evict without a court order - in conjunction with Governor's Order that Courts will be closed - companies called by the Mayor expressing remorse for violations
- potential to adversely affect cooperative landlords if Fees increased
- discussion of proposed City legislation and accompanying Executive Order that within five days of passage requires landlords to provide a hard copy of the Mayor's letter to all tenants informing them of their rights to not leave their homes unless evicted by a court order even if they are otherwise notified to leave – each instance of landlord noncompliance with the provisions of the legislation is a misdemeanor
- possibility that SAPOA consider contacting its members not operating in good faith with the City because an increase in Fees would affect all SAPOA members including those operating in good faith with the City
- overview of timeline provided by City Attorney for emergency passage of proposed legislation discussed at Monday's meeting in conjunction with the timeline for adoption of City's FY21 Budget and the time required for preparation of final budget documents for approval

After discussion, there was Council consensus to leave the proposed increase to the Rental Registration and Landlord License Fees in the budget at this time; Council would have the

opportunity to amend the Fee Ordinance at the table to eliminate the Fee increases prior to the passage of the ordinance. The City would then deal with the reduction in revenue as opposed to changing all of the budget documentation.

Final adjustments Finance Director Cordrey was authorized to make during this meeting included:

- Revenues – Decrease Real Property Tax PS Exemption (20,000.00)
- Expenses
 - Increase Procurement Computer 580.00
 - Decrease Council Advertising (1,000.00)
 - Increase Chipman Community Center 2,500.00
 - Increase Mayor’s Office Pay Plan 5,000.00

Mayor’s Office will research and determine today what the stipend is for Lower Eastern Shore Heritage and where it should be inserted in the budget – possibly in HCDD’s budget.

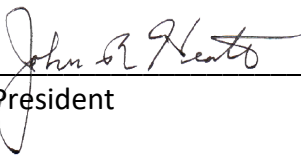
Finance Director Cordrey clarified for President Heath the use of three surplus accounts – Capital, Operating Police (Speed Camera) and Operating – in relation to the amount of surplus allowed to be used and the City’s targeted variance.

In closing, President Heath thanked all for being prepared and contributing to the budget process, including Council, Staff, and PAC14. He reminded all about the next Zoom Council Meeting on Tuesday, May 26, 2020 and hoped all remained safe.

With nothing further to discuss, the Budget Work Session adjourned at 9:37 a.m.



Assistant City Clerk



Council President