

CITY OF SALISBURY
WORK SESSION (VIA ZOOM MEETING)
MAY 17, 2021

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

In Attendance

City Administrator Julia Glanz, Deputy City Administrator Andy Kitzrow, Department of Infrastructure & Development (DID) Director Amanda Pollack, Fire Chief John Tull, Deputy Fire Chief James Gladwell, City Attorney Michael Sullivan, City Clerk Kimberly Nichols, and members of the Public and press.

On May 17, 2021 the Salisbury City Council convened in a Work Session at 4:30 p.m. via Zoom. President Heath welcomed Mayor Jacob Day back to the table after serving in Africa in the Army National Guard for a year. He also informed the public that the chat function would be turned off during Work Sessions and Meetings, but opened up for public comments at the conclusion of each meeting.

The following is a synopsis of the topics discussed in the Work Session:

FEMA COVID-19 Grant acceptance and appropriation

Fire Chief John Tull reported the budget ordinance was a request to accept additional funding from FEMA. In November 2020, the Fire Department presented two projects to FEMA for COVID-19 expense reimbursements. Part of the program under the Robert T. Stafford Disaster Relief was that FEMA would award the City’s projects at 75% and the additional 25% came from Wicomico County Health Department through the CARES Act. FEMA has now selected the City’s projects to award at 100%. The ordinance would allow the City to accept the \$36,342.89 which was the 25% received from the Health Department. Once the FEMA funds were selected, the City would reimburse the County the 25% from the CARES Act to go back to the Health Department to fund additional projects.

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

Faith Baptist Church Annexation agreement amendment

Department of Infrastructure & Development Director Amanda Pollack reported when the Faith Baptist Church property and adjacent properties were annexed in 2007, the Development Assessment (DA) fees were on a per unit basis, and have since been replaced with a per acre basis, resulting in totally different DA Fees. Additionally, the Concept Development Plan they submitted was outdated and likely not be what would happen in the development. The City has looked at restating the entire annexation agreement.

City Attorney Michael Sullivan reported that in the 2007 annexation agreement, there were two DA's. One called for a \$3,000/unit DA and another called for a \$2,000/unit DA. Instead of being charged to the property owner, the assessments calculated by the total acreage annexed into the City amounted to \$399,920. If proposed under the amended and restated annexation agreement, the DA would be broken down into four quarters, each being \$99,980. The first 25% would be due within twelve months of execution. Within 18 months from the date of the amended and executed annexation, a Comprehensive Development Plan for parcels 184 and 40 would be submitted for review and approval by the Planning Commission. It would not include Parcel 182, which would be retained by Faith Baptist and was no planned for future development. The remaining $\frac{3}{4}$ of the DA would then be subject to a categorical waiver system where the development of the annexed property within certain periods of time would be rewarded by the waiver of a 25% portion of the DA. The waiver system would be provided as follows: if $\frac{1}{3}$ of all buildable space on the annexed property (Parcels 184 and 40) is developed within 36 months within the date of the agreement, the City would agree to waive \$99,980 worth of the DA. If, after 48 months from the date of the amended annexation agreement, $\frac{2}{3}$ of all buildable space on the annexed property was developed for use, an additional \$99,980 of the DA would be waived. If all buildable space on the annexed property was developed for use within 72 months from the date of the amended annexation agreement, then another \$99,980 worth of DA would be waived, meaning if all three of those development milestones were hit by the developer of the two parcels, then the total DA paid to the City would be \$99,980 due within 12 months of the date of the amended agreement.

Mr. Sullivan stated that this request was the second time that the City was approached by a property owner asking to revise an annexation agreement with respect to property annexed between 2001 to 2009. Both requests were made on the basis that the methodology by which DA were calculated and imposed upon the developer, was effectively an economic obligation contingent upon the size and scope of development at the property. The more it was developed, the more the developer would have to pay in the form of a development and assessment. In both cases the properties were unmarketable because site development was unfeasible due to the scaling of the development fee assessments imposed on the owners and developers, making it cheaper to do nothing with the property. If the milestones were not hit, then the waivers would not apply.

Ms. Pollack said that having the first quarter due in twelve months was not part of the previous annexation agreement. This annexation, which was annexed in 2007, has not paid DA since it was based off the number of units and actual building permits being issued and would offer the City the ability to collect some of the DA within a specific amount of time. This, moving forward, would hopefully become the standard in other annexation agreements.

President Heath asked, once everything was developed, the total fee would be \$99,980. Mr. Sullivan said that if the annexation agreement was not amended, the DA would have been around \$700,000, and under the new agreement, if they hit all the milestones, they would save roughly \$300,000.

President Heath asked if it had to go back to Planning Commission and Ms. Pollack said it just had to return to City Council for a Public Hearing. Mr. Sullivan said the procedures governing the annexation of property by municipal corporations like the City have already been fulfilled in this case. This annexation agreement was no different than another development agreement entered into by the City with a property owner or developer governing the development of specific property already located within the municipal limits of the City. If the prior practice and procedure of the City Council was to

approve development agreements by resolution, then this amended and restated annexation agreement would be adopted via resolution. If developer agreements are approved and authorized by City Council via an ordinance, then the amended and restated annexation agreement for the Faith Baptist property would be approved through the normal ordinance process.

Mr. Boda liked the time table because it incentivized development. Ms. Jackson concurred, and Council reached unanimous consensus to advance forward with the revised agreement.

Ms. Blake asked what would be developed on the property. Ms. Pollack said the developers would not be held to the plan, and were marketing new developers. They would have to return to the Planning Commission with a new Concept Development Plan. Part of the amended agreement was to remove that outdated plan from the annexation agreement, and they likely would want to do something different. A potential developer has looked at the property for single-family developer, but there was nothing concrete. Mr. Sullivan said that the existing annexation agreement made the property unmarketable for future development. The potential buyer would not be interested in purchasing the property unless the terms of the annexation agreement could be modified.

Pastor Reinert noted in the revised annexation, the church was referred to as “the petitioners” and the potential new buyers were referred to as “the owners.” The \$99,980 due in twelve months after the revised agreement was levied against the new owner, the developer, and not the church, because they were not the developer. It was discussed in the meeting two weeks ago, and he was not clear if that was included in the agreement. Mr. Sullivan responded that currently the initial DA for \$99,980 was due from “owner.” The definition of owner did include the petitioners. This gave Faith Baptist twelve months to sell the property to a third-party developer. If the current owner failed to make the sale, the obligations would apply to the owner. They would not be excused from the payment if they were the only owner of the annexed property twelve months from the execution of the agreement. Pastor Reinert said they had a buyer hoping to settle in September. The church never intended to develop the property. Many things happened that kept the church from selling the property.

President Heath recommended not moving forward until the differences could be resolved. As it was presented currently, it did not represent the understanding of both parties. Pastor Reinert asked if there was room for protection for the church, and said the church was not the developers. If the current interested buyer went away and the church had to pay \$99,980 in twelve months, and again two years later pay the same, for land that was not being developed, it would be extremely traumatic for the church and he did not know what they would do. President Heath asked if he was saying that they wanted the developer to pay the \$99,980, and Pastor Reinert agreed. President Heath said that may hinder the sale of the property, but Pastor Reinert said it had already been discussed with the current buyer, who agreed to pay the \$99,980. If they chose to do apartments, under the old agreement it could have been as much as \$6 million in fees because it would have been assessed per unit. President Heath told Pastor Reinert that the Council was not in the position to negotiate and he needed to discuss this further with Ms. Pollack and Administration to resolve the issue. Pastor Reinert said that under the current annexation agreement, the church had an incentive to sell the property and have it developed because they were paying for a piece of property that they were not using nor anticipated owning.

Mayor Day asked if the document Pastor Reinert had was 7 agreed to by all parties prior to the meeting. Pastor Reinert said that it was. Mayor Day asked if there was no time sensitive encouragement or incentive, if nothing initiated action such as creating a financial incentive connected with time, then what existed to change the condition since 2007 whereby no one acts because of disincentives such as fees, the market, etc. What other tool was there? No one wanted to create negative pressures on the church. There has not been action, not for the lack of trying, but because of the market conditions and disincentives that existed in the previous agreement. A fair agreement that incentivized action was the goal. Pastor Reinert thought the problem was that the incentive was for the developer, of which the church was not, and the proposed incentives were incentives to a developer. The incentive for the church was to stop paying the payments and sell the property. He said the church would move forward as there was no reason to believe the buyer was not sincere, but they were sure in 2007 and here we are in 2021.

President Heath thought it should not move forward until the Mayor and staff could revisit the agreement. Mayor Day explained the primary goal of the City was to help the church, help the City and the taxpayers, and to add housing stock.

Mr. Boda asked if the clock could begin at the point of sale. Pastor Reinert said he would agree.

Mr. Sullivan said that the agreement was provided to the church in advance of the Work Session. With respect to Section 8.c. ii (A): Within twelve (12) months from the date of this Agreement, Owner of the Development Property shall make payment to the City in the amount of Ninety-Nine Thousand Nine Hundred Eighty Dollars and 00/100 (\$99,980.00), Mr. Sullivan defined the development property as Parcels 184 and 40, the parcels Faith Baptist did not intend to own. They already left out Parcel 182 from all of the terms conditioning payment of some fee for development. It came as a result of a very substantial conversation which included the proposed buyer, hence it says 12 months from the date of the agreement Owner of the property. The agreement could be revised any way that Council and the church find agreeable. However, they need to ensure that the church's financial obligation in terms of addressing payment of DA. It could even state that the church would not be responsible for any of the fees associated with its annexation. Currently it presupposes that the buyer that joined our last discussion about the terms in the agreement would close on the purchase of the property within 12 months from the date of the execution. Since the property was annexed, no annexation fees have been paid to the City. There have been no paid property taxes to the City. It did not obligate the church to pay the DA. It said no development approval or permit could be applied for or approved until the initial DA was paid. Who paid it on behalf of the church was not the City's concern. The revisions to the agreement were discussed with their 3rd party buyer. Pastor Reinert agreed that they did meet and the 3rd party buyer did agree with it. His concern was that if the sale did not occur, the church would be responsible. President Heath suggested the Pastor return to the developer and secure their word that at the appropriate period of time, they would sign.

Ms. Blake suggested all parties return and reword the document to everyone's satisfaction, and bring back to Council when it was agreeable to everyone. President Heath agreed.

Pastor Reinert reiterated that the church could owe for all four \$99,980 if the property did not sell. Mr. Sullivan said no development could occur at the property until those DAs were paid.

Whether the City would want to act to collect on DAs not paid because no development had taken place would be a choice the City would have to make. The City would probably want to facilitate development. Given what Ms. Blake proposed about revising the terms, he thought that course of action was needed.

President Heath said the Council would discuss this again when it was returned to Work Session.

Administration and Council Comments

Mayor Day said it was good to be back and was looking forward to meeting in person again.

Ms. Glanz was excited to have Mayor Day back to work. There were many vaccination appointments available for ages 12 and up.

Mr. Boda looked forward to meeting again in person.

Ms. Jackson thanked the City and the Severn Management Company, Ms. Glanz, Julie McCabe with Homes for America and Delegate Pro-Tem Sheree Sample-Hughes for meeting the needs of the residents at Mitchell Landing. This was a concern for her and was one instance of many concerns for District 1. How often are the buildings inspected? How often are our houses, apartments or any of our structures inspected? When was the last time Mitchell Landing was inspected? She was seeing many uninhabitable living conditions in her community and other places. They needed to have a discussion and get with HCDD because this property was owned by the City. The tenants were very cooperative and asked her to thank the City officials and Homes for America for helping them in so many ways. If you have not have your COVID vaccination, please do so. She would wear her mask until she felt comfortable. Be mindful of others, social distance and sanitize. Julia did a remarkable job being Acting Mayor.

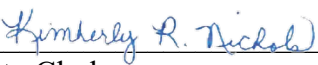
Ms. Blake asked those healthy enough to please donate blood. The region was still in an emergency situation. Last week, the region was in a critical place.

Ms. Gregory asked everyone to continue wearing their masks and get vaccinated and be respectful of others.

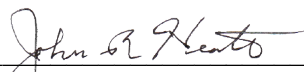
President Heath was looking forward to 3rd Friday and encouraged everyone to meet Downtown. The weather would be nice.

Adjournment

With no further business to discuss, the Work Session was adjourned at 5:33 p.m.



City Clerk



Council President