

CITY OF SALISBURY
WORK SESSION
SEPTEMBER 7, 2021

Public Officials Present

Mayor Jacob R. Day (left at 5:03 p.m.)
Councilwoman Angela M. Blake
Councilwoman April Jackson (arrived 4:38 p.m.)

Council Vice-President Muir Boda
Councilwoman Michele Gregory

Public Officials Absent

Council President John “Jack” R. Heath

In Attendance

City Administrator Julia Glanz, Department of Infrastructure & Development (DID) Director Amanda Pollack, Business Development Director Laura Soper, City Attorney Michael Sullivan, City Clerk Kimberly Nichols, and members of the Public.

On September 7, 2021 the Salisbury City Council convened in a hybrid Work Session (in person and on Zoom Conferencing Video) at 4:30 p.m. in Council Chambers with Council Vice-President Muir Boda presiding. The following is a synopsis of the topics discussed.

Chesapeake Utilities Corporation- Somerset Natural Gas Project Update

Department of Infrastructure and Development (DID) Director Amanda Pollack provided the monthly update. As of August, 99.9% of the pipeline installation was complete within the City limits, with line testing and activation remaining to be done. She suggested this could be the last monthly pipeline update.

Mayor Day said Chesapeake Utilities was well represented at a Rail Trail meeting and they indicated they perform some site improvements in anticipation of the Folk Festival.

Ms. Blake discussed seeking permission to place City scaping on the property. Mayor Day said that they would not ask to do anything on someone else’s property adjacent to their right-a-way. Ms. Pollack said they were not trying to purchase property from Northrop Southern but were trying to work with the adjacent other property owners because there was a strip owned by Rinnier.

Budget Amendment for Grant Match associated with the Zoo Special Events Pavilion- Phase 2

Ms. Pollack reported the City had received Program Open Space (POS) funds for Phase I of the Zoo Pavilion Project which included renovations to the restrooms. This year’s budget ordinance included a match for POS funds for a project they requested for the existing tennis courts, but was not approved through POS. They received positive

feedback for Phase II of the Zoo Pavilion Project. She requested to reallocate the grant match for the Tennis Court Project to the Zoo Pavilion Project- Phase 2.

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

Budget Amendment for Capital Projects Funds for the Zoo Administrative Office Space Project

Ms. Pollack reported that DID was working with a vendor to furnish and install a new trailer for the Zoo Administrative office. The prices were over budget partly due to needing to comply with the floodplain regulations. The project was funded through a bond allocation, and this project was the last item on the bond. She requested moving all of the available interest revenue to the project to also cover modifications to the existing fence, site preparation, utility connections and construction of the ADA ramp.

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

Draft Port Feasibility Study

Business Development Director Laura Soper reported on the Port Feasibility Study, which was nearing completion after several months' work with Century Engineering and CPCS Transcom. She introduced Eric Oberhart, Senior Consultant with CPCS Transcom who joined the Work Session via Zoom.

Mr. Oberhart provided an overview of the report which would be distributed later in the week and explained the objective was to get a better understanding of whether or not a multi-user port facility could be economically and physically feasible in Salisbury, and if feasible, what potential benefits could be expected. Mr. Oberhart's presentation has been included as part of the minutes.

Mayor Day shared that Senators Cardin and Van Hollan stated they would never let the dredging money go to waste, and there was a lot of support from the federal delegation for keeping the port funded. The City was working on the acquisition of land in the North Prong area, but something that needed to eventually be addressed was that the City would have to remove the active users out of the property that the City wanted. Mayor Day thought that opposition would be heard from the residential land users from across the river regarding the scale of the waterside infrastructure,

Ms. Jackson asked about other options the North Prong redevelopment area could include. Mr. Oberhart said it could be recreational, commercial, or residential, or a combination of all three. She asked if the recreational was simply because there could be contamination. He said that was not a consideration as they were focused primarily on heavy engineering and planning work on the potential facility developed on the main branch of the river.

Ms. Blake was concerned that redevelopment could potentially increase truck traffic necessitating a discussion on how the impact could be offset.

Mr. Boda said that both of the senators were doing their part in ensuring the Army Corps of Engineers was dredging, and there were things the City had to do while being aware of the residents' concerns and looking to the future.

Fortune Telling License Legislation

City Attorney Michael Sullivan reported that following the last meeting held to approve the Fortune Telling license legislation it was clear that Council wished to pare down and streamline the licensing process. The process was made very straight-forward limiting as much of Administration's time and attention to similar other City licenses. If one wished to engage in the business of fortune telling, a Fortune Telling license was simply needed. Definitions were removed from the legislation. It was possible that individuals with such licenses would be called to other locations to perform fortune telling.

Council appreciated the simplistic nature of the section and would approve the legislation on Monday, September 13, 2021 for second reading, as amended.

Council Comments

Ms. Glanz said the Folk Festival was well underway and the weather was looking great.

Ms. Jackson encouraged residents to be safe and wear their masks.

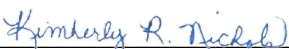
Ms. Blake encouraged everyone to volunteer for the Folk Festival. If healthy enough, she asked everyone to donate blood.

Ms. Gregory asked those not vaccinated to please get their vaccinations. She was looking forward to the Folk Festival.

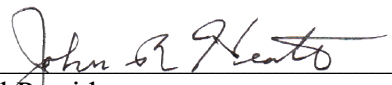
Mr. Boda asked if there was enough beer and wine this year, and Ms. Glanz assured there was. The next big event was the Average Joe's ½k.

Adjournment

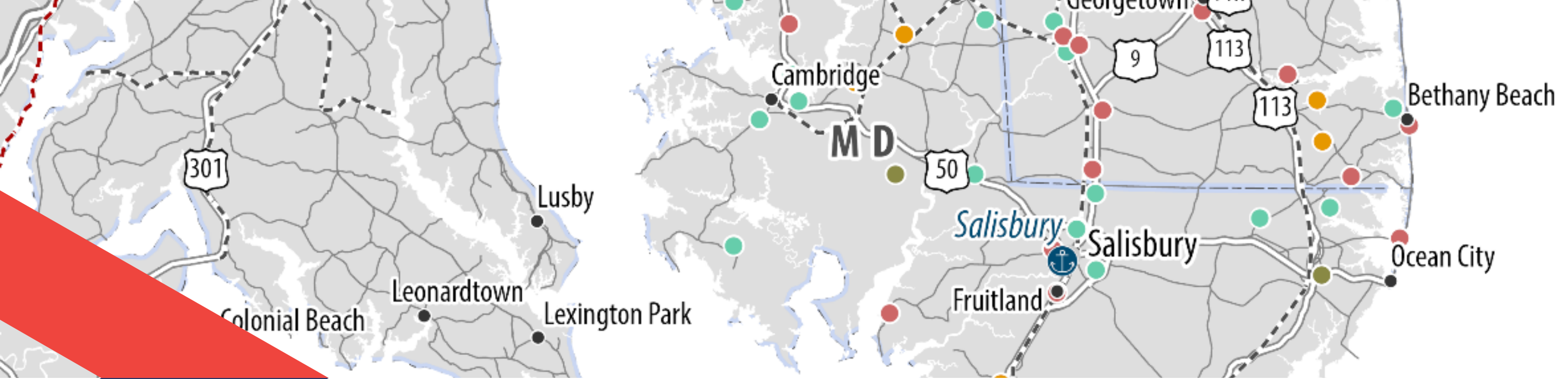
With no further business to discuss, the Work Session was adjourned at 5:27 p.m.



City Clerk



Council President



Salisbury Port Feasibility Study



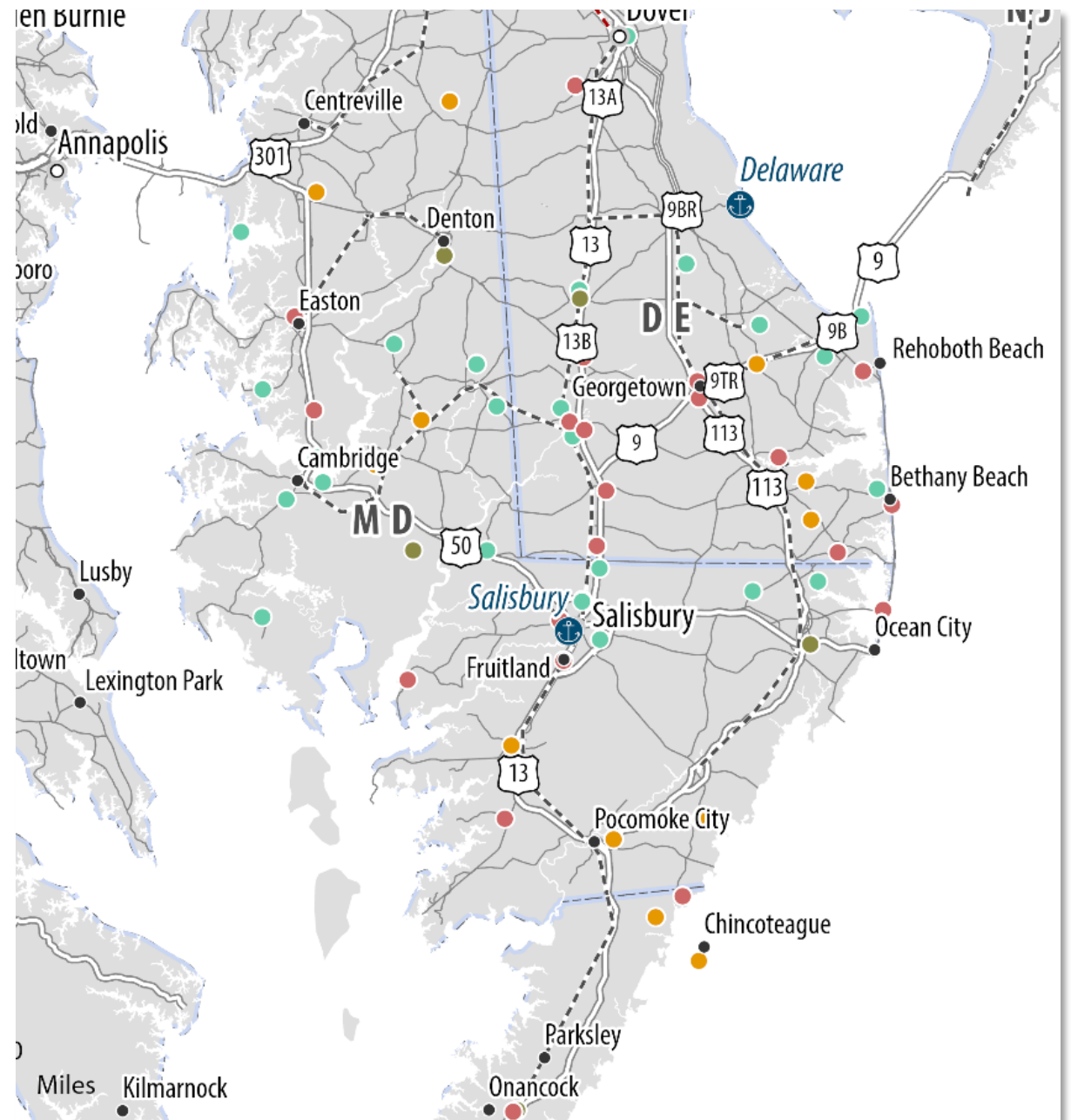
Presentation to Salisbury City Council

September 7, 2021

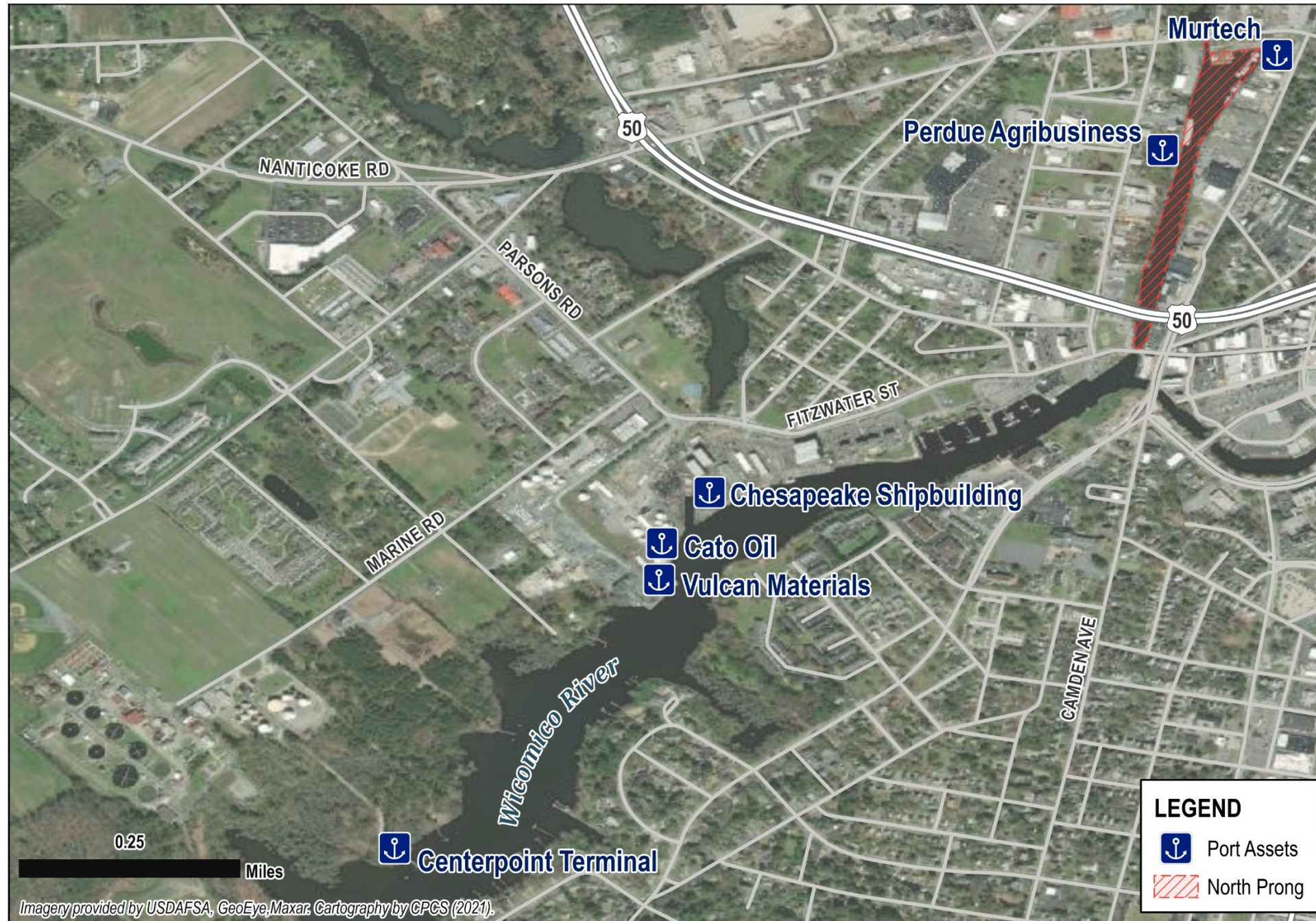
Project Objective

Is a multi-user port facility economically and physically feasible?

If feasible, what are its potential benefits for Salisbury and Delmarva businesses?



Port Facilities

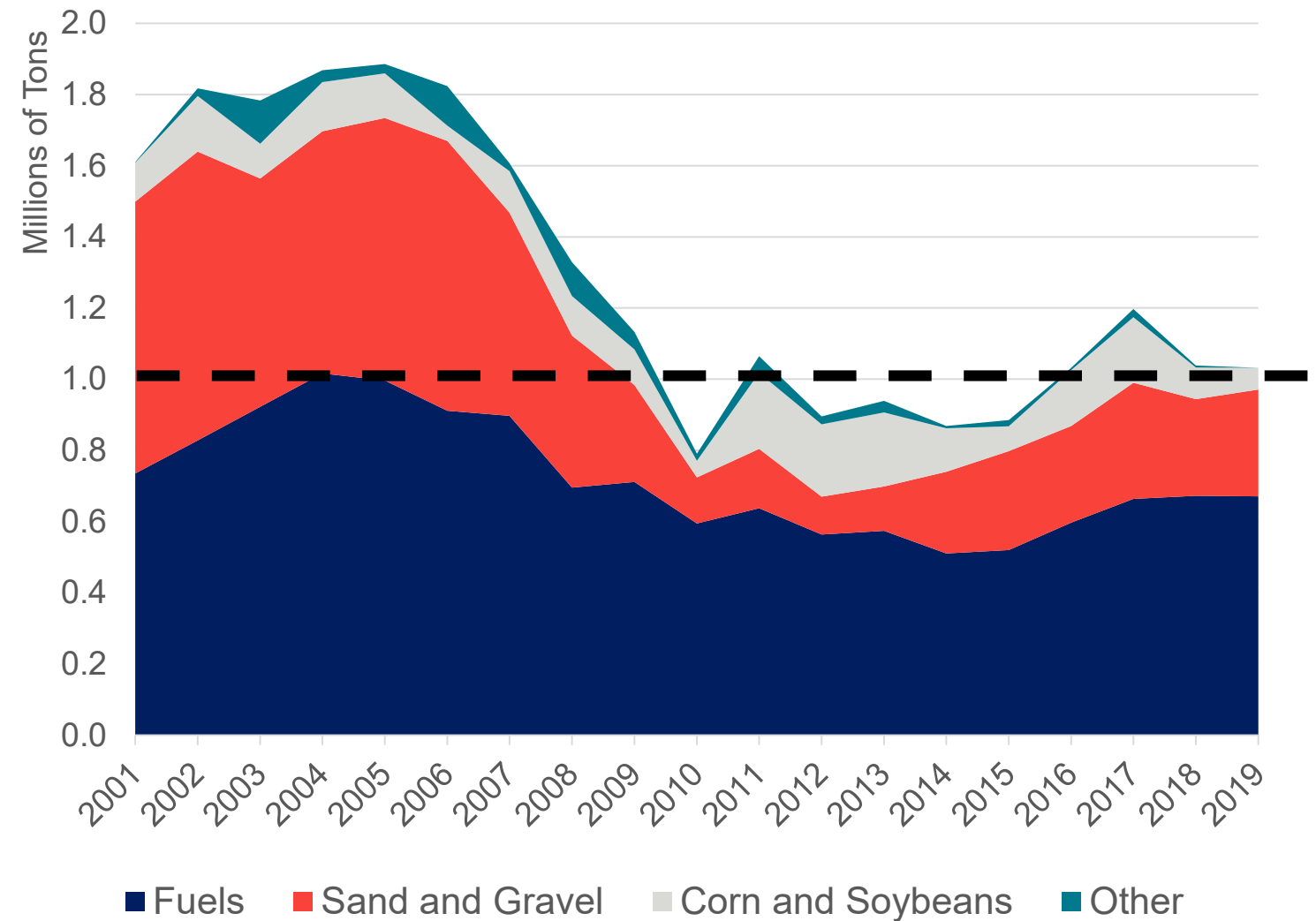




Port Operations

A significant receiver of fuel, aggregate, and agricultural products for communities across the region

- Barge or water shipping is best for high-volume, lower-value commodities
- 1.03 million tons handled in 2019
- Almost all tonnage (99%+) is inbound
- One million tons is important threshold for US Army Corps of Engineers' dredging support on Wicomico River
- About 1,000 barge or towboat trips in 2019



Opportunities for Port Development

Key Opportunity: growth in existing cargoes

Key weakness and threat: need for ongoing dredging support

Strengths	Weaknesses
<ul style="list-style-type: none">• Existing facilities and “captive” traffic base• Geographic location – centrally located	<ul style="list-style-type: none">• Ongoing dredging is required• Limited vessel size and traffic capacity• City lacks experience with port development
Opportunities	Threats
<ul style="list-style-type: none">• Growth in existing port cargoes• Relocation of some facilities: opening up North Prong for higher, better uses• Creating room for shipyard expansion (long term)• Increased federal funding for infrastructure	<ul style="list-style-type: none">• Declining tonnage – loss of dredging support• Inability to recoup port development costs• Future development at competitor ports (ex: Seaford)

Value of Port Engagement for Salisbury

What port development *can* and *can't* do for Salisbury:

- Port develop **can** provide these public benefits:
 - Enable growth at existing businesses
 - Preserve cost-effective and energy-efficient supply chains for local businesses and residents
 - Preserve activity and employment in other water-related businesses
 - Support community goals, such as North Prong redevelopment
- Port development **should not be expected to** increase the diversity of businesses in Salisbury

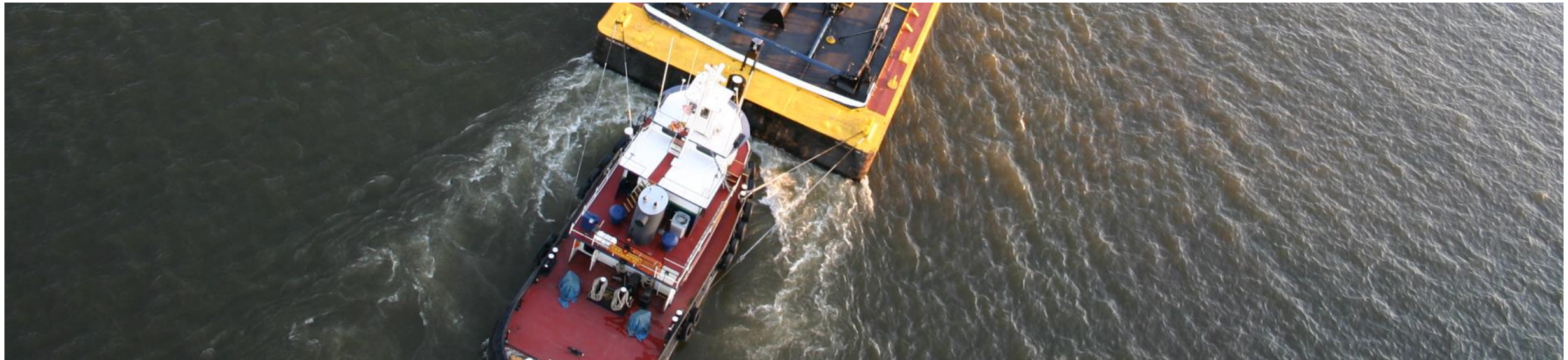


Source: Envision Salisbury Downtown Master Plan

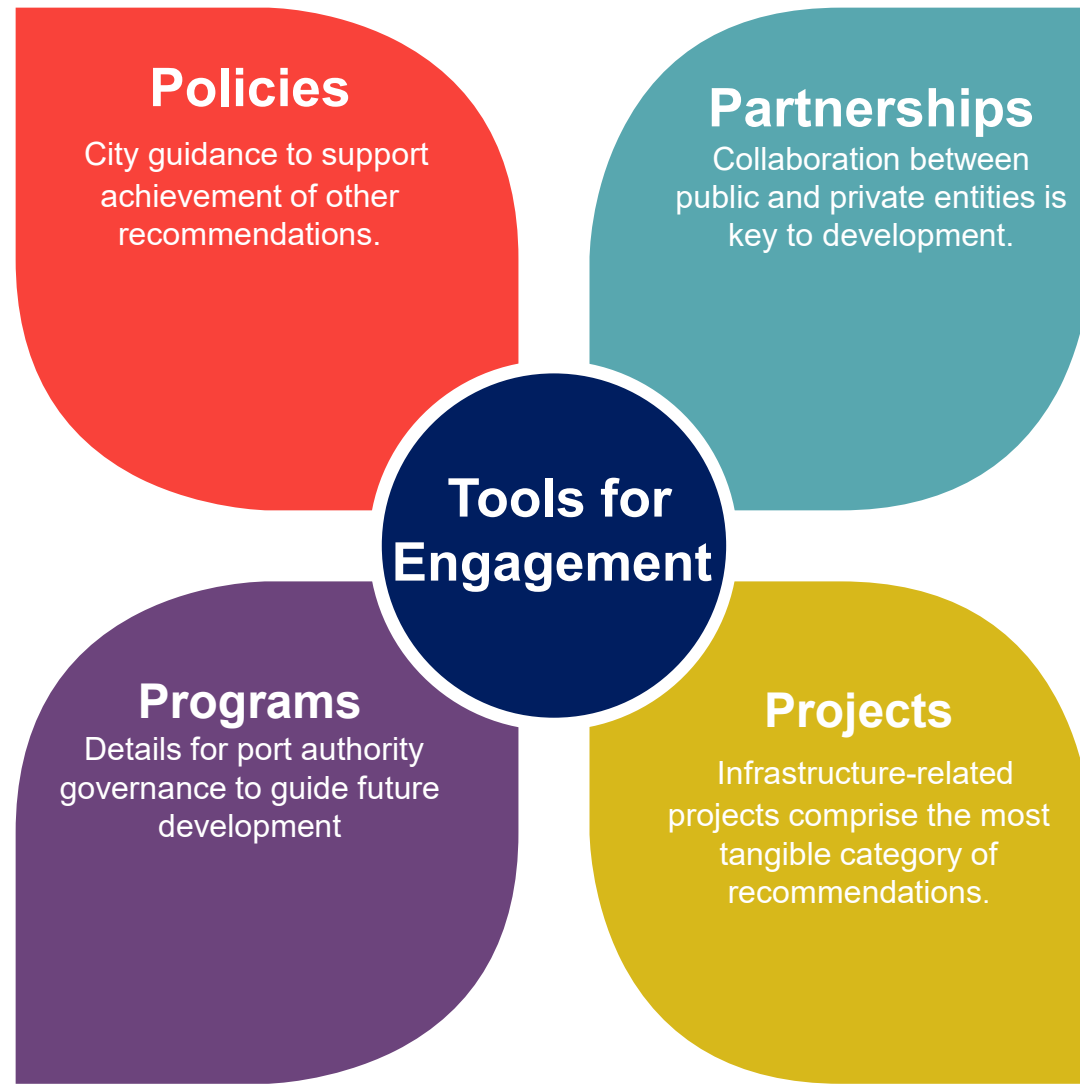
Barriers to Port Development

Development needs information and coordination to be realized

- Private parties have not engaged port development because of **uncertainty**:
 - Low return on individual firms' private investments
 - Lack of cooperation or communication between stakeholders
 - Uncertainty about city's plans for port development or port areas
- The City can play a role in **information sharing and coordination** - reducing obstacles for private port stakeholders



How can Salisbury Support Port Development?



Based on the public benefits, the City of Salisbury should support port development in four ways:



Policies

Salisbury should adopt a **formal maritime policy** that clearly defines the City's role in supporting the maritime system in Salisbury and the goals that its actions are intended to achieve.



Partnerships

Salisbury should **create a port administration** or authority organization and **provide sponsorship** to private companies applying for state or federal grants.



Programs

A multi-user marine facility accessible to all users requires public ownership, which also then mandates **development of a port administration** to manage the infrastructure and coordinate between users.



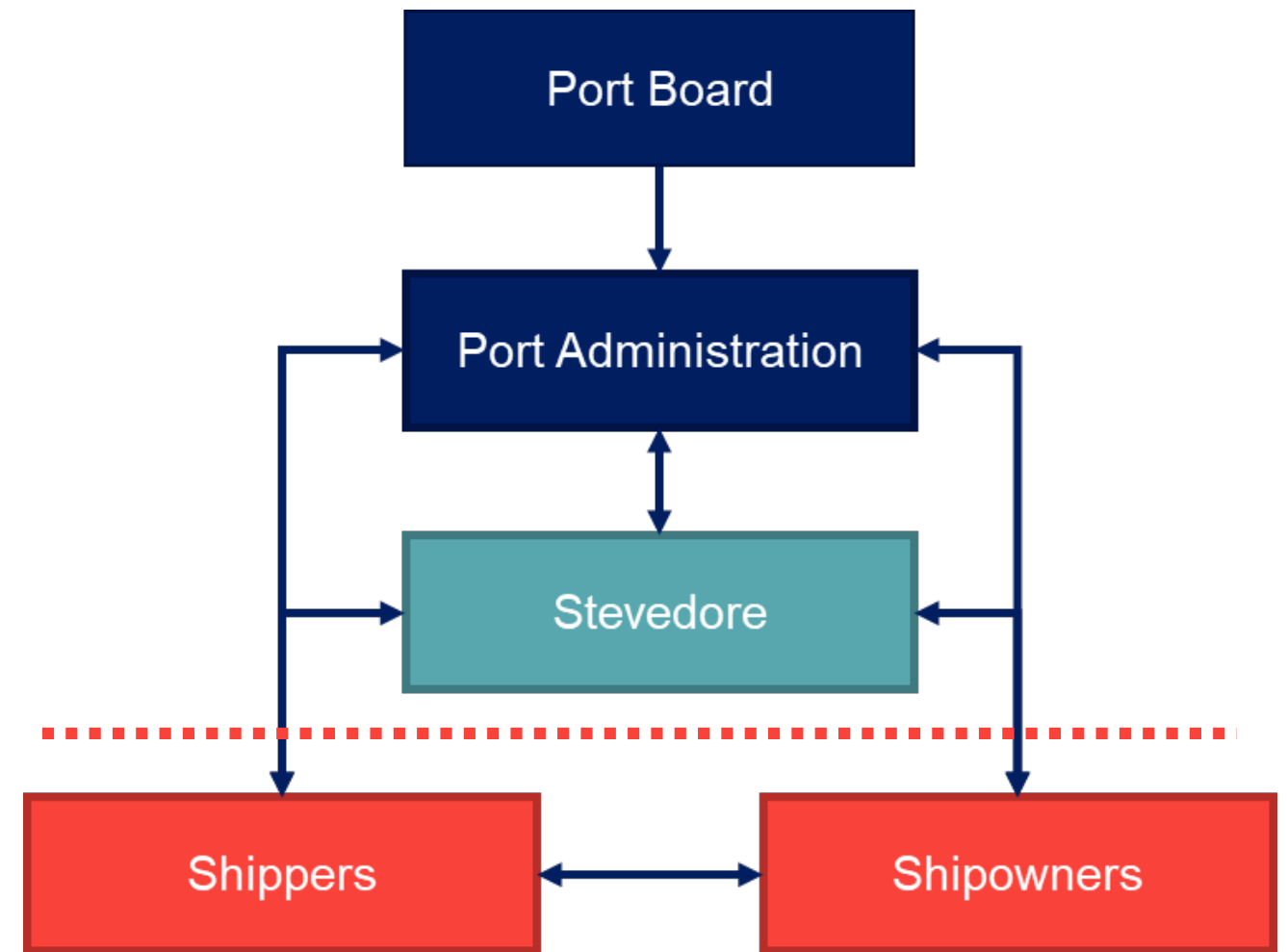
Projects

Secure grant support and private agreements to support construction of cargo handling, site, and access road improvements at site on Marine Road.

Port Authority Concept

Authority guides port development and operations, prevents conflicts of interest

- **Port Board:** paid or volunteer advisory panel, subject matter experts in maritime operations, engineering, economic development, environmental policy, etc..
- **Administration:** 1-2 paid staff to manage port operations and conduct business development
- **Stevedore:** probably not necessary in this situation, port tenants would conduct own cargo handling
- **Firewall** between board, and users/carriers. No users or elected officials on board.
- **Potential revenue sources:**
 - Long and short-term storage leases/fees
 - Port Dues and Docking Fees: 1x per call
 - Wharfage: cost per ton of cargo



Proposed Facility

Multi-user port facility to support aggregates and agricultural products

➤ Site Improvements

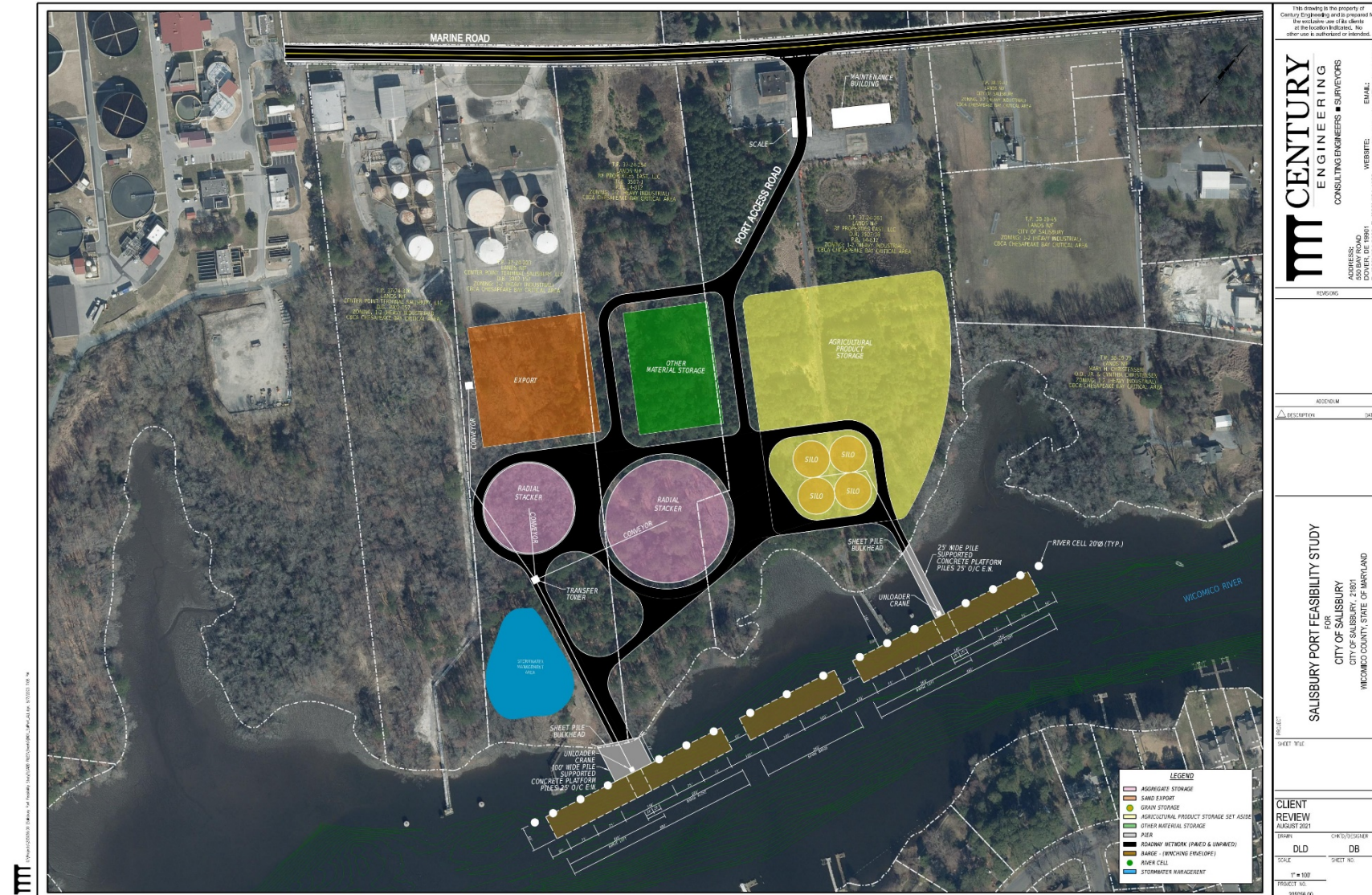
- Grading
- Roadway and Access
- Admin Building
- Scales
- Maintenance Building
- No Material Handling Equipment

➤ Marine Work

- 2 Piers
- River Cells
- Larger Pier on West End for Additional Materials

➤ Marine Road Work

- Roadway Widening
- Drainage
- Accommodates On-Street Parking





Investment, Impacts, and Opportunities

Investments and Impacts	Benefits and Opportunities
<p>➤ Cost of investment</p> <ul style="list-style-type: none">• \$22.8 million for infrastructure• \$271,000/year for port administration• Operating costs and some capital cost would be recouped from terminal users• Grant support for initial infrastructure investment <p>➤ Expected tonnage increase</p> <ul style="list-style-type: none">• Low: + 50,000 tons inbound• High: + 125,000 tons inbound <p>➤ Expected truck traffic increase</p> <ul style="list-style-type: none">• Low: + 2,000 local truck trips• High: + 4,700 local truck trips	<p>➤ Sustain dredging support – avoid shutdown impacts</p> <ul style="list-style-type: none">• Barge service replaces 38,000 – 40,700 longer-distance truck trips each year.• Higher emissions, spill rates, infrastructure damage, and shipping costs for truck/rail• \$4 million/year in dredging support from USACE <p>➤ Preserve employment at water-related firms</p> <p>➤ Provide expansion opportunities for local businesses</p> <p>➤ Redevelopment of North Prong</p> <ul style="list-style-type: none">• Up to \$12.8 million in property value increase, or• ~\$100,000 in additional tax revenue.

Thank You!

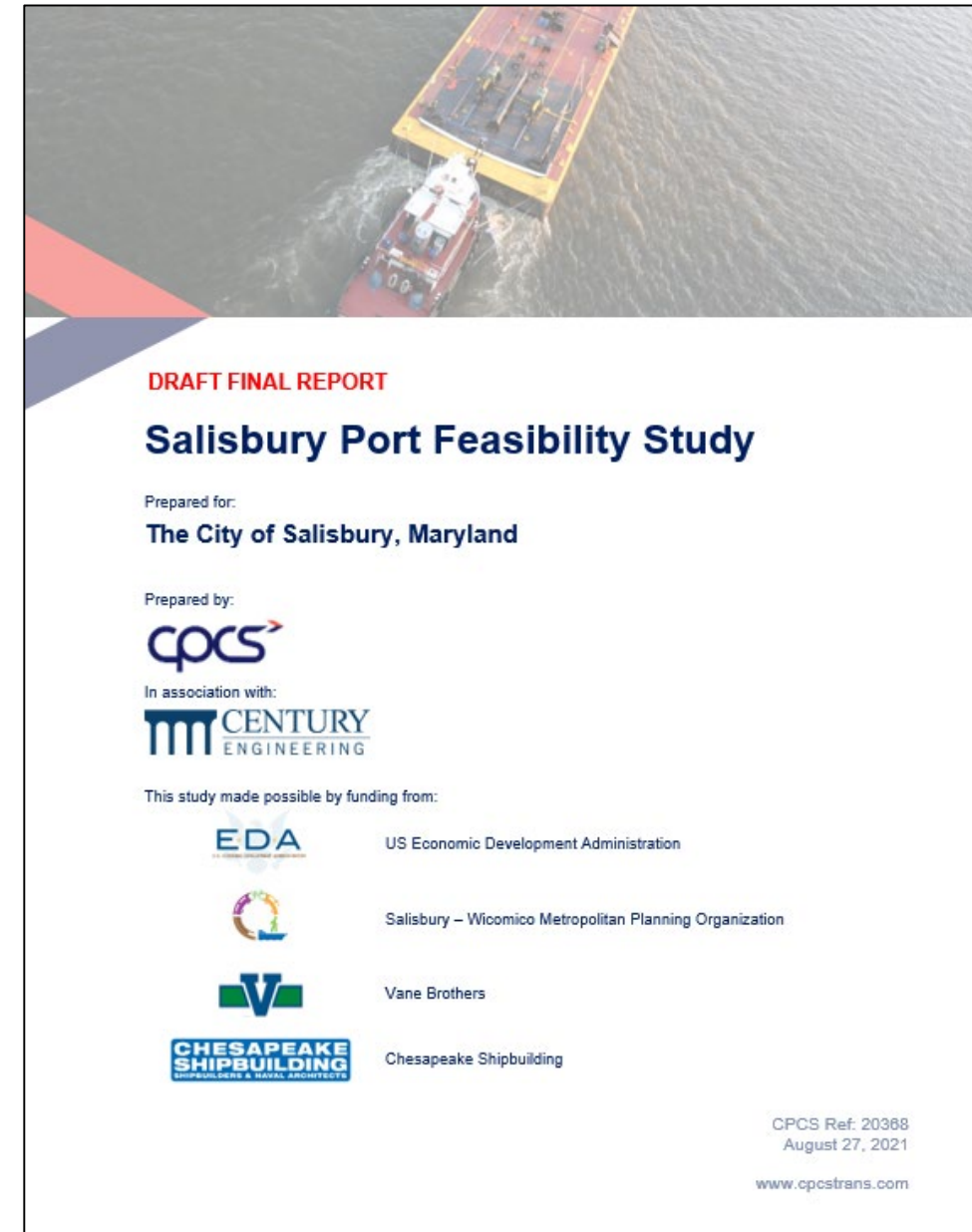
Contact Information



Eric Oberhart
eoberhart@cpcstrans.com



Kristen Hartpence
khartpence@cpcstrans.com

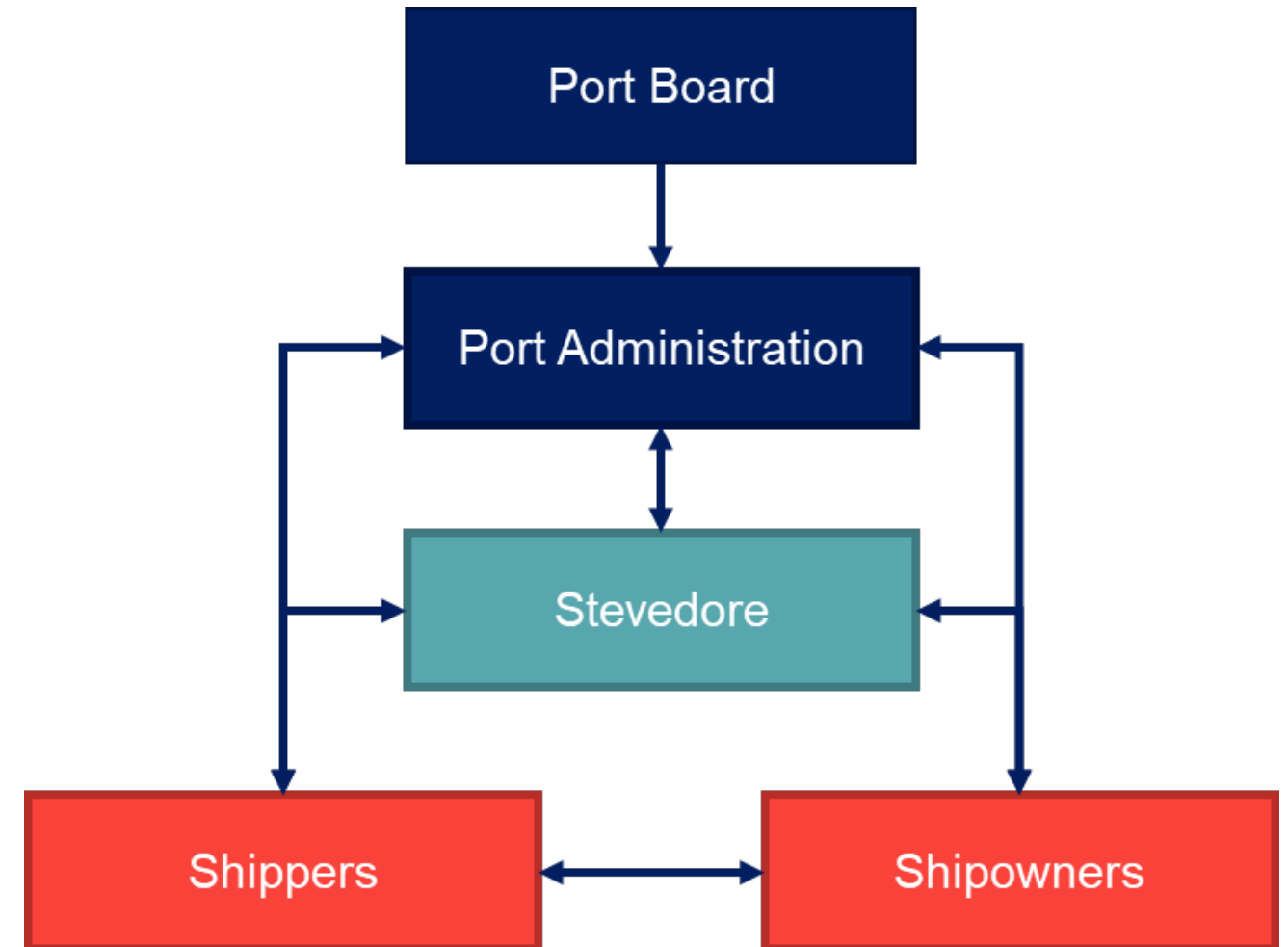




Extra Slides

Estimated Port Administration Costs

Expense	Amount
General Manager Salary	\$90,000
Assistant Salary	\$40,000
Staff Benefits (20%)	\$26,000
Insurance (Terminal Operation Liability)	\$12,000
Insurance (D&O)	\$2,000
Utilities	\$40,000
Cleaning	\$10,000
Garbage	\$7,500
Office	\$8,500
Travel Expense and Representation	\$10,000
Security	Users pay
Board of Directors	Volunteer
Maintenance	TBD, Users?
Consultation Fees (Legal, Engineering)	\$25,000
Total	\$271,000



Summary of high-level costs

~\$22.8 million needed for new terminal development, majority for marine infrastructure:

Expense	Amount
Site Improvements	\$3,062,582.87
Marine Work	\$17,402,525.00
Marine Road Improvements	\$2,328,661.36
Total ROM Construction Costs	\$22,793,769.23

➤ Site Improvements

- Grading
- Roadway and Access
- Admin Building
- Scales
- Maintenance Building
- No Material Handling Equipment

➤ Marine Work

- 2 Piers
- River Cells
- Larger Pier on West End for Additional Materials

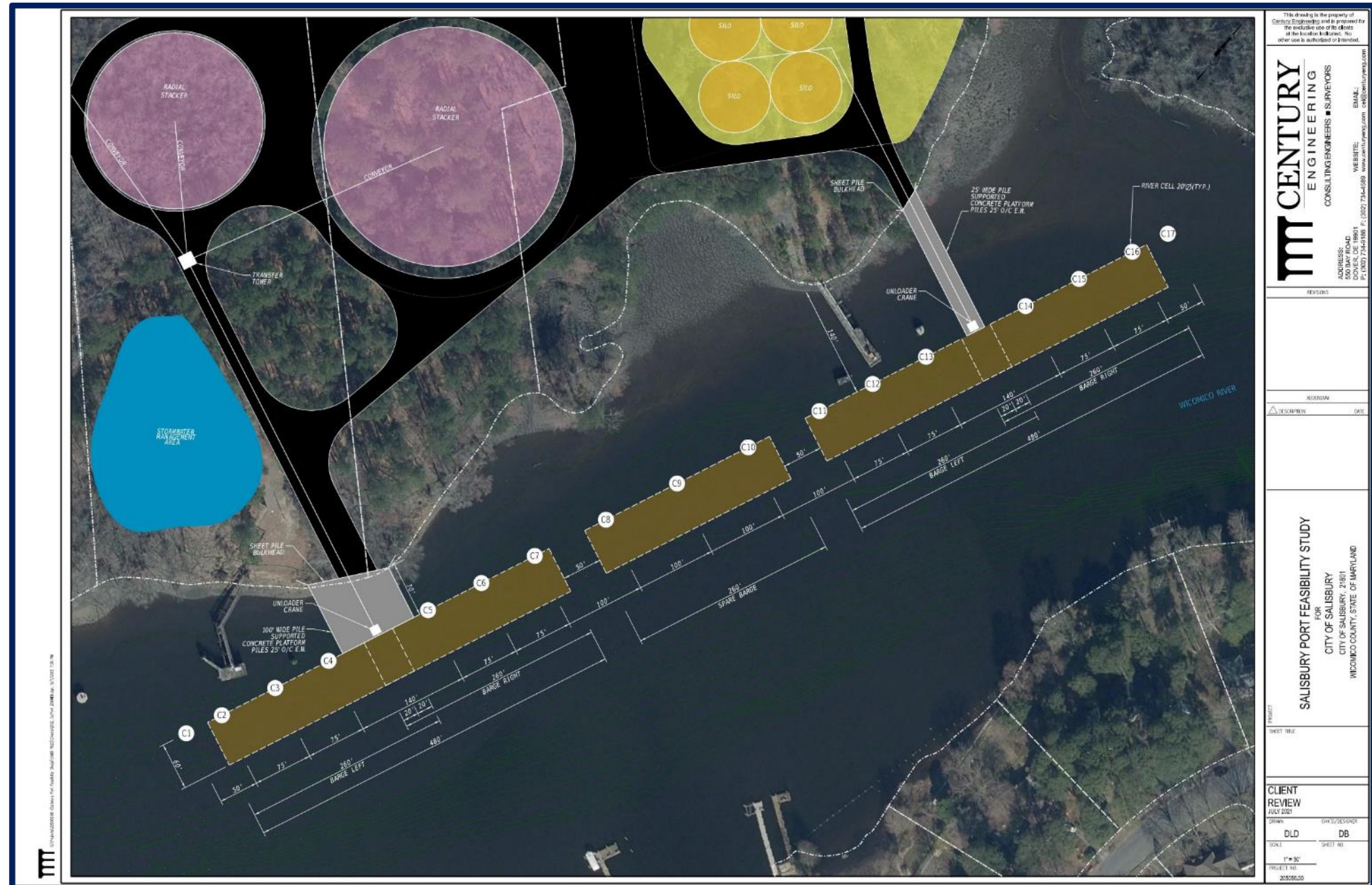
➤ Marine Road Work

- Roadway Widening
- Drainage
- Accommodates On-Street Parking

Summary of high-level costs: Marine Layout

➤ Marine Work

- 2 Piers
- River Cells
- Larger Pier on West End for Additional Materials



Summary of high-level costs: Marine Road

- Marine Road Work
 - Roadway Widening
 - Drainage
 - Accommodates On-Street Parking



Truck, Rail, and Barge Emission Impacts (grams per mile)

GHG/ Pollutant	Truck Equivalent Impacts		Rail Equivalent Impacts		Barge Impacts	
	Low	High	Low	High	Low	High
No-Port Scenario						
NOx	76,960	82,435	450,162	482,187	13,705	14,680
PM	35,844	38,394	12,651	13,551	234,042	250,692
CO ₂	151,810,992	162,610,992	23,193,346	24,843,346	17,395,010	18,632,510
Growth Scenario						
NOx	3,650	9,125	21,350	53,375	650	1,625
PM	1,700	4,250	600	1,500	11,100	27,750
CO ₂	7,200,000	18,000,000	1,100,000	2,750,000	825,000	2,062,500



Potential Benefits

Many benefits are related to *prevented* impacts or creation of new opportunities to be leveraged later:

- **Preserving maritime access through sustained tonnage:** maintaining maritime tonnage preserves federal funding for dredging, which is a substantial cost saving to the City and port users (up to \$ 4 million per year).
- **Avoiding roadway and environmental impacts from loss of navigation**
 - Barge service replaces 38,000 to 40,700 medium-long distance truck trips in area each year
 - Shipping equivalent tonnages by truck or railroad would generate substantially higher air emissions in region, as well as increased likelihood for petroleum spills.
- **Impacts on land use:** Relocation of existing port facilities would free up the North Prong for further redevelopment or preservation, which could lead to increased land values and tax revenues.
 - Up to \$12.8 million in property value increase, or
 - ~\$100,000 in additional tax revenue.
- **Preservation of employment:** Limited direct new job creation (1-10), but preserves current waterborne-related employment, and greater opportunities for long-term job creation at Chesapeake Shipbuilding related to shipyard expansion