

CITY OF SALISBURY
BUDGET WORK SESSION
May 1, 2023

Public Officials Present

Council President Muir W. Boda
Council Vice President April Jackson
Councilmember Michele Gregory (Zoom)

Mayor John R. Heath
Councilmember Angela M. Blake
Councilmember Megan Outten

In Attendance

City Administrator Andy Kitzrow, Finance Director Keith Cordrey, Communications Director Kacey Martin, City Attorney Ashley Bosché, and City Clerk Kimberly Nichols

The City Council convened in a hybrid Budget Work Session at 5:47 p.m. in Council Chambers, immediately following the adjournment of the Special Meeting.

City Administrator Andy Kitzrow invited Mr. Cordrey forward and stated that because the public spoke out about some of the fees and revenue items in the Mayor’s original proposed budget, Administration made adjustments to the proposed budget that they would be presenting to Council for consideration.

Mr. Kitzrow stated that there was no cooperation from the County nor interest in having a Fire and Life Safety Fee in the Salisbury Fire District at this time. They indicated they were interested in furthering the conversation but needed more time. Administration was considering a one-time extension of the Fire Service Agreement for FY24 and to spend the next year discussing a Fire and Life Safety Fee.

He said that tabling the concept would have financial implications with revenue shortfalls, and he then presented two proposals, beginning with Option II.

Option II

There was residential and commercial property tax revenue, and additional contribution from the County in the Fire Service Agreement for FY24.

He summarized the property tax increase, which would be a 10 cents increase for both property and commercial property tax. Along with an additional million-dollar capital contribution from the County, this would allow the City to move forward with the budget, while having to cut \$1 million from Essential Items. The salary increases and raises would not have to be cut, as this year Administration felt it was imperative to take care of the City’s workers. The plan removed two of the items Council had considered which were (4) Police cars and the ballistic vests. There was an opportunity to not lose personnel by using repurposed bond pool money and some salary savings, but the Electrician position would have to be cut.

Option I

Mr. Kitzrow explained Option I was similar to Option II except that they would not increase taxes 10 cents across the board but would increase commercial property taxes by 15 cents as originally proposed. This would free up about \$300,000.

Mr. Kitzrow said that 10 cents property tax was equivalent to approximately \$125 Fire and Life Safety Fee. Also, a \$1 million contribution from the County was equivalent to the same thing. This would allow the City to maintain the same level of services that they were currently providing.

He said they started with \$300 which would allow the City to not make any cuts and position ourselves for the next few years. We would have to be frugal and make some tough decisions moving forward. This was reasonable and doable, but very lean.

Mr. Kitzrow then discussed the million dollars from the County. If they were going to ask for additional considerations from the City residents then they should be asking for equal, if not more considerations from the County residents receiving the same service. That is what was outlined in their most recent proposal to the County for the Fire Service Agreement. This next year they would ask for this additional million-dollar contribution. If the County chose to not consider it, the bigger conversation that they were trying to avoid was what level of services could we continue to provide as a Salisbury Fire Department.

Mayor Heath said that 1/3 of the calls from the Fire Department were outside the City limits. With the \$14.5 million Fire budget, it came to \$5 million that the County should pay. The County needed to step up, and all of the citizens impacted by the changes the City had to make should go to the County Council and ask them what was going on. It was not right, and was time to put pressure on the County for dual taxation. For years, the City residents have been taxed twice.

Mayor Heath added that the City had \$4.4 million in ARP funds in the past two years, which the City lived on, but it was gone. Without that we would have been drawing on our surplus. We had a minimum wage increase that impacted everyone in the City. With inflation, the chemicals were now increased by 26%. There was only one tax rate increase in the past nine years, but our expenses increased every year. It was time for the County to step up and time for the citizens to have a voice.

Ms. Gregory said she was very glad to hear the Mayor say what had not been discussed. Last week she encouraged people to attend the County Council meetings, and Ms. Blake and Jackson mentioned it this evening. We were being forced into this position by the County. They were not paying their fair share and were taxing our citizens for services they did not receive from the County. This had been an issue for years and she said she was glad they were finally talking about it. However, she understood the unpopularity of the \$300 fee, but asked if the Salisbury citizens wanted to see the City cut a bare budget, and lose services from the City. It was a decision that had to be made. They needed the County to step up and do the right thing. The Council did not want to do this but were given no choice. She wanted to ensure the citizens had public safety, clean water, etc. She appreciated the feedback Council received, but decisions must be made. There was no option to do nothing.

Ms. Kitzrow said the original proposal was the \$300 Fire and Life Safety Fee, 15 cent Commercial Property Tax increase, and 12% water and sewer rate increase. They were now not proposing changes to the 12% increase. The reduced proposal went from the \$300 Fire and Life Safety Fee to \$125, and the equivalency of that in the form of a property tax increase. This was more equitable across the value of properties. They would cut some things that they thought they could afford to cut, or move money around that they already had. The one cut was the Electrician's position. Listening to what people had said, he thought this was a good compromise without effecting our employees. They would try to protect and invest in the City's employees with every last cent the City had. What was proposed by him did not take away anything promised to them.

Ms. Jackson asked why the citizens had not gone to the County and asked for help. The City and County all represented one and the same and she wondered why we couldn't work together and not separate.

Mayor Heath said that Wicomico was one of only two counties in Maryland that did not have a tax differential or a stipend specific to do a tax differential.

Ms. Blake said that needed to go to the General Assembly and get taken care of next year. The budget was vital to employee salaries, and the City could not do it alone. If citizens were going to complain to the City Council, then go to the County, too. They were responsible for this. She did not know the answer- Option I or Option II, but it appeared there would be a tax increase after all. There was a new administration which required time for adjustments, too. There was a lot going on, and the budget was the item to hammer out in the City right now.

Ms. Outten wanted to thoroughly read and understand the options provided this evening and thanked Administration for working on a solution to the comments made last week.

Mr. Kitzrow said the options provided this evening were the most conservative without impacting employee's salaries. The City was asking the County for \$1.964 million in FY24 for services provided to County citizens. Ms. Gregory said there were people trying to hold the County responsible, but there needed to be more.

Mr. Boda said the value of services provided by the City to the County was much more than \$1.964 million. Mr. Kitzrow said the County Fire Companies and Chiefs thought the Fire and Life Safety Fee was a great mechanism, but the City needed more time to implement it.

Mr. Boda announced the budget Public Hearing would be held on May 8, 2023 and encouraged the Public to participate.

With nothing further to discuss, the Budget Work Session adjourned at 6:17 p.m.



City Clerk



Council President