

CITY OF SALISBURY
WORK SESSION
MARCH 18, 2024

Public Officials Present

Council President D'Shawn M. Doughty
Vice President Angela M. Blake
Councilmember Michele Gregory

Mayor Randolph J. Taylor
Councilmember April R. Jackson
Councilmember Sharon C. Dashiell

In Attendance

City Administrator Andy Kitzrow, Fire Chief Rob Frampton, Housing & Community Development Director Muir Boda, City Attorney Laura Ryan, City Clerk Kim Nichols and members of the public.

On March 18, 2024 the Salisbury City Council convened at 4:30 p.m. in Work Session in Council Chambers of SBY Headquarters, located at 115 S. Division Street. The following is a synopsis of the items discussed.

TIF application for Village at Salisbury Lake discussion

City Administrator Andy Kitzrow recalled the City Council had a TIF Policy discussion several months ago with Emily Metzler from Muncipal and Bond Counsel Lindsey Rader and said they were still working on the policy. The group attending this evening's Work Session was doing a large-scale development in Salisbury and may take advantage of a TIF if that was something the Council wished to adopt.

Joining Council was Ms. Metzler, Joe DeLuca Jr. and Reiss Rosenthal, owners and Owen Thomas, NVR (builder). Mr. Rosenthal reported the development was approved for 219 units. 131 units would be single family detached homes and 88 would be townhouses. He presented the PowerPoint of the layout for the home sites and explained it was the location of the old Salisbury Mall with Wicomico High School and the Civic Center across the street, previously fully approved by the City and Council. He added that the TIF was necessary in order to do the project.

President Doughty asked for an overview of the TIF process. Ms. Metzler said she was a Public Finance Municipal advisor hired by the City and had been working with Mayor Taylor, Mr. Kitzrow and the Finance Department, and was attending on behalf of the City. They had worked since 2021 in the evaluation and preparation of three primary documents- the **TIF Policy** (for the City to consider approved means in which to evaluate TIF proposals such as this for any TIF proposal), **TIF Guidelines** (which were more of an internal document that would be provided to the City staff) so when a **TIF Application** was submitted, the Council and City staff would only utilize this document and understand how to evaluate the various components of information that would be submitted from the developer team so that they could prudently evaluate that and bring it

to Council and help Council evaluate it so that they understood how to evaluate it. She explained the last and most important component was the **TIF Application** which was several pages long. It provided a format and outline that a developer would submit providing all of the necessary information for the City to evaluate the TIF request. It required them to explain why they needed the TIF, why the project could not go forward without the TIF and how as a mutual partnership through public-private partnership the City and developer could work together. Not every project merited a TIF, which was part of the policy and something the City would consider when laying out guidelines. They had been working with staff to pull together the three documents and were waiting on a final review so they could present it to the City Council for review and comment. The eventual goal was for City Council to finalize and approve the review.

Ms. Metzler reported that TIF paired with Special Tax Financing was a way to create a Development District around a specific project and the municipality could utilize the future tax revenues from that project to help pay for key infrastructure needed to allow that project to go forward. The key was that there was a nexus to the infrastructure that was needed and paid for by those future revenues. The increment part was that the revenues created on that site today became a base and those increment revenues there today would continue to flow to the City. The revenues would stay in the City's General coffers and the City would continue to use those for our budget. There were several key metrics in evaluating a TIF, sizing and development constraints, how much the City could give up and still be able to cover its cost of services, the cost of the infrastructure, how much the project needed to be successful or how much did the project need to be able to go forward. These were all prudent, good questions that the City needed to consider but should evaluate as part of this process. She said their goal was to help ensure these questions were in there and that this developer was helping to answer them for Council so that when the City was having the discussion they could make the right decisions. TIF's were usually paired with special taxes and if those future revenues were not there it acted as a minimum tax and the developer was on the hook to pay that special tax meaning if the real property taxes were not generated to pay the debt service and any bonds that might be issued, then the landowner or developer would essentially be required to pay the debt service on the bonds. Those bonds were not backed by the City nor asked to be paid through the general coffers of the City, but by the special tax. Ms. Metzler would return to Council to discuss more in depth at a later time.

Council President Doughty asked Council for questions and Ms. Blake asked about Number 6 on the conditions of the project. She asked what the thought process was behind a homeowner's association versus just selling the properties as they were because homeowner associations, over time, usually within 20 to 25 years, did not hold up to some of the standards necessary to maintain such a development. Builder Owen Thomas said that with a homeowner's association they were protecting the value and setting a set of standards that was supposed to be upheld and maintained throughout. If we did not have those guidelines they did whatever they liked. Ms. Blake said she researched and in our own communities homeowner associations have not held up to the standards of keeping mainly management of the facilities, drainage and maintenance of easements. She said we got nice developments with HOAs and over time they kind of diminished.

President Doughty stated they could possibly commit to researching a property management or an HOA to whomever was going to fund this or actually be the ones to oversee the HOA. He thought that would be a good commitment from the developers.

Ms. Jackson said they saw how management companies worked in the City and Mr. Doughty said that was different. She said it was the same thing Ms. Blake spoke about.

Mr. Kitzrow wanted to make sure they were talking about the TIF concept to be mindful of the developer's time. He said, specific to TIF, with us bringing forward the policy, guidelines and application to Council, our goal would be to get a revised plan in front of Council on April 1st so we could move because we had an eager group that wanted to build specifically within the TIF stratosphere. Mr. Doughty reiterated Mr. Kitzrow's statement that he would plan to present to Council the actual TIF application on April 1st. Mr. Kitzrow said that Administration was looking at a draft for final revisions that would be presented for adoption as a resolution. They would then start this process with the developer moving forward. As they made their final revisions to the policy and the application, they had a project that was interested. This dynamic conversation could help us think through the final pieces.

Mayor Taylor said his experience was on the bank side in terms of measuring risk but from the perspective of the policy, the concept was to kind of put a collar around not only the purpose of the funds but perhaps the structure and repayment so that as projects came in we could adjust according to what each one needed. He asked if that was a correct understanding.

Ms. Metzler said the TIF Policy was actually broader from the City's perspective, and asked Council to step back for a minute and just think about how TIF should be used. They worked all across the country in over 30 states and helped to issue over ten million dollars in bonds. They adapted ten best practices when using TIF to ensure that jurisdictions protected their risk when utilizing TIF. It was a complicated tool.

President Doughty asked if Council approved the TIF Policy and Mr. Kitzrow said they would. We would continue with transparency to ensure we were treating everything similar when different projects came and were not isolated in one particular favorite. This would give us a baseline on how we wanted to evaluate things. It was a very complicated application and each project would have to be evaluated on its merits.

Ms. Dashiell asked if the ten best practices were required as part of an application of any projects presented for TIF. Ms. Metzler answered that there were a lot of questions in the application but one of them required an applicant to address how they needed the City's TIF policies and guidelines. They proposed that on the City's website or some other forum that the City posted the application as well as the TIF policies so that any applicant had access to both of them any time prior to submitting an application.

President Doughty wanted time to review the policy and asked how soon Council could get this before they had to approve it. If it was presented on April 1st he asked if they could have a week or so prior to that date to look at what we had so far. Mr. Kitzrow thought they could get revisions made rather quickly and any changes that needed to happen turned around. If they had something by Friday they could probably get Council something on Monday. That would give Council a full week to review before April 1st.

Mr. Doughty commented Ryan Homes were popular in the area and people wanted them. He hoped the price was reasonable. He said he lived in a Ryan home and it was a good one. He called for any other comments or questions. Mr. Kitzrow asked if they would be looking at it being all one phase and the developer said it would have to be in a couple of phases so allowing for there not to be empty lots out there.

Comments on the above item included the following from two members of the public:

- At the October meeting when the TIF was first discussed there was a lot of discussion between Council. The City had a lot to learn and needed time to explore the financial repercussions of TIF. There were many money questions and we needed to understand the application. She thought the City was thinking about doing a blanket policy that would allow any developer to follow the rules. We had a developer looking to try and do this but we don't have the infrastructure set up yet. We have to get the horse and the cart in the right order so the City knew what they were getting into. This was not something that happened all over the world or the country. If she recalled from the October meeting, there were not many in Maryland that were doing it. We need to get more information.

President Doughty asked what cities used the funding source and Ms. Metzler named the following: Washington, DC, Howard County, Montgomery County, Prince George's County, City of Baltimore, Anne Arundel County, and Frederick County.

- The next speaker said he was at the October meeting and looked at the briefing book materials and there has been no substantive serious discussion of TIFs. Municap was essentially a TIF consulting firm, and in addition to getting paid by the City for what she (Ms. Metzler) was doing now, if the deal goes through with this project that would mean more money. The City was getting a snow job and a rush job. Council has had no actual substantive discussion of TIFs. He emailed Council material this past weekend and asked them to read it because there was a lot of criticism of TIFs and how they were used. He wanted to be clear that he was not knocking the project and asked Council to put this on hold until they received a real education on TIFs. Once they were set up, those guidelines would be so general that almost anyone could meet them. They'll come in just like this gentleman did saying they could not do the project if they didn't get the money.

Mayor Taylor said he was involved on the Aydelotte project on the Collector Road (on the finance side) and there must have been a TIF policy at one time otherwise we would not have done that TIF. City Administrator Andy Kitzrow said there was not a policy.

There is a TIF and agreement on what that equates to but it was a singular decision point. President Doughty asked what the Aydelotte deal was that people kept referring to and asked if it was Aydelotte Farm Town Homes. Mayor Taylor said the project was on both sides of Beaglin Park Drive that went all the way to the Mall. That was a big number and the City did not want to front the cost for Aydelotte to be developed.

President Doughty asked for consensus from Council to allow them to continue to work on this application and to get it to Council hopefully by Friday or Monday. Council reached unanimous consensus.

Abandoned Shopping Cart Legislation discussion

Housing and Community Development Department (HCDD) Director Muir Boda explained there had been complaints and issues with the abandoned shopping carts around the City. Sometimes people who walked or had no transportation took carts off retailer's property to use and most of the time they never made their way back to the retailer. Currently, the way the City operated was if a cart was left on a property, HCDD would issue a corrective action letter to the owner of the property. On public property or other areas where shopping carts collect, they abate them. The County landfill did not accept shopping carts and there was no place to dispose of them.

Mr. Boda gave examples of other towns and cities. La Plata, MD had a very robust program with a registration system. Fruitland placed the responsibility on the retailer to identify and collect their own carts. If the Town of Fruitland abated the cart, the retailer had to pay a \$25 fine. Some retailers had their own solutions. Aldi had a cart retrieval system and one of the Dollar Stores had a long pole on their cart to keep the cart in the store. Acme had sensors that prevented the carts from leaving the property. They were still having issues with some of the retailers. He suggested doing something similar to what Fruitland did. Mr. Boda stated there was no current draft of legislation, and he wanted to get Council's thoughts first.

Ms. Dashiell said, in other words, if Dollar General's cart was found in her yard, the retailer would come to her, pick it up from my yard, and it was a done deal. She would have nothing to do with it, and it would be up to Dollar General to pick it up. Mr. Boda said that was correct. If one of the compliance officers saw it on the private property, they would contact the store. They would do, at a minimum, a voluntary form from the stores to be able to collect contact information so that they would know who to contact. She asked if Mr. Boda was going to work on a draft that would bring this to fruition to create a policy for Salisbury and how they dealt with it.

President Doughty asked Mr. Boda to speak to the concern that the unhoused population used a lot of the shopping carts. He also said that when the City passed the shopping bag legislation some of the retailers were upset, and asked Mr. Boda to speak to how they might react if we told them there was another wave of taxing or enforcing a law that could cost them. Mr. Boda said the average cost of a shopping cart was \$200 to \$300. It was their property they were not looking to maintain. We would be helping to provide

them a service to locate where their shopping carts were, and it would be beneficial to them to respond when the City called them. President Doughty asked Mr. Boda if his department had the bandwidth to take this on, and Mr. Boda responded that they did, and they were already doing this.

Mayor Taylor asked if they would collect them and ask the retailer to get them, or just take them to the landfill. Mr. Boda replied that the landfill did not accept them. Some were broken and they would create a process where they would be asked to come get the cart. The standard with towns and cities seemed to be 24 to 72 hours to retrieve the carts.

Ms. Jackson asked if there were a large number of these carts around the City. Mr. Boda replied that they did collect and a lot of times they were around the railroad tracks. There were several property owners around the City that were cited because they had them on their properties, not put there by themselves, but actually litter from other people, and the property owners had to pay the fine. Mr. Boda said if carts were seen on a property, they issued a corrective action letter to that property owner.

One member of the public provided the following comments:

- He never noticed shopping carts littering anyone's lawn, but asked if you could own a shopping cart.
- People might want to use some of the carts that the City confiscated. They were basically a metal wheelbarrow and may have scrap metal value.
- Let's get concerned about these scooters that were all over the streets.
- Will it take people getting killed before we decide to change that and bike lanes.

The speaker then spoke on the TIF discussion:

- He said he forgot to mention earlier that the money that paid the bonds was less revenue for the City. Essentially it was the HORIZON Program idea on steroids.
- It would reduce the revenue to the City. Eventually there would be tax revenue but in the meantime there would not be as much.

Council reached unanimous consensus to move forward in the direction suggested by Mr. Boda.

Tax Lien Property MOU discussion

Mr. Boda discussed the properties in the City in which the owners had not paid taxes for many years. In the top seventeen properties with unpaid taxes, the City was owed \$875,747. The same properties owed \$61,177 in additional unpaid abatement liens. The total owed to the City was \$936,924 from just those seventeen properties.

He indicated he did not know how much was owed to the County for taxes, but it was likely similar to what was owed the City. He suggested partnering with the County to acquire properties with long term tax liens. He suggested acquiring about five properties

per year and targeting the ones with the largest tax liens because these taxes and liens would never be paid. The top five only had a combined SDAT assessment of \$31,400.

Ms. Boda proposed developing a joint MOU and Policy with the County and creating an administrative process to handle each property. If an owner or relative was still alive, the City would try to solicit a donation of the property from them and discussed the process to include tax sale and receivership. Unbuildable lots could become park or green space and they could partner with SNHS or Habitat to determine if they needed the property. They could also sell the property and split surplus with the County. He provided an example of 107 Catherine Street.

Ms. Blake asked if the County had been approached with this, and Mr. Boda said they had met with Ms. Oland, Mr. Luffman and County's attorney Paul Wilber, who were all were supportive. Ms. Blake asked if the City was owed more in taxes than the County, and Mr. Boda answered that normally they were about the same.

Ms. Dashiell asked how many in addition to the seventeen on this initial list, and Mr. Boda answered there were between sixty and seventy on the list. He said they would also look at when properties would be qualified for this, and thought the five-year mark of unpaid taxes would be looked at. Their goal was to go after the big ones first.

Ms. Blake asked why we would wait five years and not three years. Mr. Kitzrow answered there may be opportunities for someone to purchase the property. Most of these properties were so far upside-down that there was no investment opportunity. He was unsure that after three years if there was enough lost opportunity for someone to not want to do the traditional tax sale process. Ms. Blake mentioned a successful receivership on Cottontail about five years ago. It was very successfully done. Ms. Dashiell commended Mr. Boda to find a solution to end going down the black hole. Mr. Kitzrow said this was a way to move blighted, dilapidated property forward. He noted this was \$800,000 that the City would probably never see, but we could reclaim the property, get it into good standing and find an owner who wanted to put money into it. This would be a good tool for the future and Administration supported it fully.

Council supported the process and Mr. Boda would return with legislation at a later date.

Update on Anne Street Village (ASV)

Procurement Director Jennifer Miller joined Mr. Boda at the table. Mr. Boda reported there were a couple of parties interested in partnering with the City on ASV and wanted Council's thoughts on moving forward with a possible partner. He explained they could do a Request for Interest (RFI) and based on the questionnaire, if there were multiple interested parties, they would put out an RFP. If there was only one, they could move into negotiations with one organization. He said it was a tough operation and they had two people in the homelessness division who spent most of their time working in ASV with the residents. We were one of very few governments taking this on. Generally, they

provide the property and non-profits come in to run the program. There had to be someone 100% dedicated to fundraising and HCDD did not have anyone trained for that. He added they were looking for more of a partnership to help the City in whatever capacity possible.

Ms. Dashiell asked if ASV was currently full, and Mr. Boda answered no. They had about fourteen or fifteen residents, which was about the maximum they could handle. President Doughty said he appreciated the scope of having a non-profit come in again to help where the City needed. He added there were two different options. One was where the City stayed in some capacity and another where we did not. To entertain both, they would have to complete the RFI. Mr. Boda said if the City had a partnership with a non-profit that was handling the operations, the City would still own the land and infrastructure. There may be organizations interested in purchasing just the infrastructure, or purchase the entire thing. There were various options and they wanted to see what the community interest was from other non-profits.

Ms. Dashiell asked Mr. Boda if he thought they had a viable partner right now. Mr. Boda reported there were two interested organizations. One had the resources and the other would take time to ramp it up. The transition period for either case would be at least six months. Ms. Jackson added she knew of an organization based in the neighborhood that would probably be willing to help.

President Doughty asked when the RFI would be live, and Ms. Miller said it would have to be written and posted on the Procurement website, E-Maryland Market Place, and the City's social media pages. All of the responses would come back to Procurement.

Ms. Gregory said a lot of organizations did good work but also had requirements on the residents that they took care of when it came to religious requirements. She said she did like the fact, with the City involved, that something like that would not be imposed on someone just to get the help that they needed. She added she would like to see the City stay involved in some capacity just to make sure that we were giving an opportunity to people unable to get the help they needed with other organizations. Mr. Boda said there was existing legislation with the state that would make that illegal because it was discrimination. She asked if that was the case even if they were not receiving state funding because there were organizations that deliberately refused state funding because of that. Mr. Boda said that as long as we owned the land we could ensure that in any MOU or agreement, that was put in place.

Ms. Dashiell asked about any grants for this and inquired as to the cost to the City. Mr. Boda said since the bathrooms were not handicapped accessible, we did not qualify for grants. She asked if the costs were coming from the City budget, and he said they had received some donations from the Community Foundation to help pay for the staff. Grants did help pay their salaries.

President Doughty said Council looked forward to another update.

ADMINISTRATION AND COUNCIL COMMENTS

Mr. Kitzrow was happy to be back in event season. Last Thursday the City had its first Poets Corner series. The next one was April 11th from 6:00 p.m. to 8:00 p.m. This upcoming Saturday the Downtown Business Alliance was hosting the Spring Street Market on Saturday from 12:00 noon to 5:00 p.m. with live entertainment.

Ms. Gregory hoped to see everyone Downtown at the Market. There were going to be many vendors and contests. She attended the Disability Advisory Committee meeting. The Mayor was supposed to attend and did not make it. She hoped he attended the next one. There was a lot of good work being done in the community. She announced Dom Sessa won Ms. Wheelchair Maryland and would be going to the national competition. She believed there would be fundraising to help cover her costs.


Ms. Dashiell forwarded requests to Jo Ellen Bynum and Mike Dryden which were handled quickly and efficiently. She attended the Fire Department Graduation and Swearing In Ceremony on Wednesday. On April 20th (Earth Day) Craig Faunce would hold a clean up in the City. More information to come on that.

Ms. Jackson announced the Community Easter Egg Hunt would be held on March 30th at Village at Mitchell Pond at 1117 Parsons Road. This was a free event and all were invited.


Ms. Blake made a plea for blood and plasma donations and asked everyone to consider being an organ donor.

President Doughty announced the WiHi Girls Basketball Team called him across the bridge over the weekend. Unfortunately they lost but they fought hard. They remained the Bayside Regional Champions for the first time since 1985. Please be safe while driving and riding your recreational vehicles. The Salisbury Jaycees were holding the adaptive Easter Egg Hunt next Friday at 2:00 p.m. We were looking forward to the weather warming up and having some cool events happening.

With no further business to discuss, the Work Session was adjourned at 5:53 p.m.



City Clerk



Council President