

**MAYOR BARRIE P. TILGHMAN'S
STATE OF THE CITY ADDRESS
FOR THE CITY OF SALISBURY, MARYLAND**

March 12, 2009

I reviewed my comments to you from last year, and am happy to report that we have continued the momentum of the past few years in several major projects. As I reflect upon the last year, it seems in many ways that the world has changed dramatically since I made my annual report last spring. But much has remained the same and that is that our focus continues to center on quality of life for our neighborhoods, our citizens, and on maintaining a competitive edge as the largest city on the Eastern Shore and among the top ten cities in Maryland. This past year Salisbury was honored to be named one of the fifty next great places to live, work and play in the United States. This designation is the result of many factors, including our blessed geographic location and our commitment to serving our citizens through a work program that constantly and consistently improves Salisbury.

The Federal Stimulus Package has taken much of our time and attention since the introduction of the idea two months ago. Each City Department was tasked with developing a list of eligible activities and determining what we could have “shovel-ready in 180 days. I attended the Maryland Mayors’ annual meeting in Annapolis in mid-February and learned much about how we were to proceed. I also saw that the competition for these funds will be keen. When I returned, I assembled an inter-departmental team, under Assistant City Administrator Loré Chambers, to prepare our application based upon the most pressing and the most eligible projects. Everyone took their role in this process very seriously, understanding the critical importance of these few weeks work to the City’s future. The possible grant requests cover a very wide spectrum of projects. A sampling of these projects includes:

- \$270K-\$500K for Emergency Shelter Grants to aid those who are suffering because of the economy.
- \$2.98M to reconstruct Fire Station #2.
- \$83K for owner occupied housing rehabilitation projects to be awarded to Salisbury Neighborhood Housing Service
- \$48K for Neighborhood Services and Code Compliance for software, on board computer systems for the Housing Inspectors, and monies for rubbish removal and nuisance abatement.
- \$1.1M for the Police Department to include additional officers, and increased technology to improve officer effectiveness and efficiency.
- \$21M for Public Works projects. The bulk of this funding to be used on water and waste water projects as well as bridge, roadway and dam safety and repair projects. Also, a component is for energy conservation projects.

We prepare to enter another fiscal year on July 1, 2009 (FY10) in sound financial condition. I am quite proud of the fact that in the first year of my tenure the City’s General Fund had an undesignated fund balance of only \$700,000. In contrast, as of June

30, 2008, we had an undesignated fund balance of \$5.16M. That is much more appropriate for a municipal corporation of the size and complexity of Salisbury. We received an unqualified audit opinion. We are keeping a keen eye on both the revenues and expenditures for both this year and next so that we can react as needed should there be an unexpected change in our fiscal outlook. We know that the next few years are going to be challenging and we have adopted a conservative approach to new programs and additional staff. I have found that most of my colleagues across the State agree that we will see the full effect of the national economy in FY'11 and that the upcoming year will be lean but manageable. Our good news is that our staff at all levels has always done a great job of working with constrained resources.

We continue to work with a great energy consultant, Dick Anderson. Dick helped us prepare a great energy management application for the State's EmPower Clean Energy Community Grant program. Through this funding, we are looking to save energy through installation of more energy efficient traffic lights and lighting in City facilities. If we are unsuccessful in obtaining grant funding for these initiatives, I recommend exploring the use of energy performance contracting so that the cost of these projects can be financed through the resultant energy savings in future years. Mr. Anderson continues to advise us as to ways to reduce our costs through reduced consumption. The payback for many of these projects is less than five years. With Dick Anderson's help we have identified ways to potentially reduce our energy bill by over \$280K per year.

Major improvement projects that we have been working on or planning for were completed or begun in 2008:

- Waverly Drive Storm Water project began in January 2009 after I secured additional funding and expedited project review from MDOT and MDE respectively. This project has been in the planning, design and permitting stage for 4 ½ years.
- The Isabella Street bank stabilization project also began in January. This important project, which also includes upgrading the water and sewer lines that run through the culvert, has been planned for ten years, but we were unable to assemble all of the necessary funding until recently.
- After twenty years the final phase of the NE Collector Road was completed with the creation of an innovative financing technique, to finance the construction costs through the increased tax assessment of the land along the road, instead of the City's General Fund. The completion of this collector road will reduce the pressure on RT. 13 because it offers an alternative route to the commercial North Salisbury.
- After years of discussion and debate, the City was able to build on last year's momentum along the North Prong of the Wicomico River. The rusted oil tanks were removed last year and now the North Prong Strategic Revitalization plan has been completed and is receiving a great deal of interest from community members. The Plan was well done and the next steps will evaluate the level of interest from property owners who have Brownfield issues to determine how the City can assist them with the revitalization of their properties. This will be a long

term project but this past year saw us move a major step closer to the revitalization of this long under utilized and potentially great riverfront section of Salisbury.

- We gathered in August to dedicate and cut the “coupling” at the new Salisbury Headquarters and Station #16. It has become an award winning facility and was completed on schedule and under budget. We now have a fire facility to serve the Salisbury Fire District west of the Wicomico River drawbridges. It was great to hear so many veterans, volunteer and career firefighters who marveled that day that this had finally happened. Many said they had ceased to dream that this would happen in their lifetime.
- The largest project in the City’s history, the upgrade and expansion of the Waste Water Treatment Plant was substantially completed in 2008. Now we enter a demanding period of working through the first year of operation and ensuring that the Plant is able to meet the new demands of the NPDES Permit.

NEIGHBORHOODS:

Church Street/Doverdale continues to improve. The Bricks project is on track for conversion from a blighted “flop” house into 8-10 affordable rental units. The proposals for this project were due on March 3, 2009. We have also included a State share for rehabilitation costs of this project as a part of a joint City/County/SNHS grant application for funds generated to help reduce the number of empty foreclosed homes. This rental piece is a perfect complement because it offers an alternative for those who have been involved in rental units that have been caught in foreclosure. We believe that this project will be completed within 18 months. The scope and size of this property will have a tremendous positive effect on this area of the City.

This same joint grant will enable low/moderate families to receive principal write-down assistance, low/no interest loans for housing rehabilitation, and closing cost assistance. This program, the Neighborhood Stabilization Program, will assist residents in purchasing foreclosed homes, thus reducing the number of vacant homes in the community. Other programs are available to help families facing foreclosure.

Crime continues to decline in Church Street/Doverdale. We had a great two year update to celebrate our successes over the past two years and to plan for the upcoming year. We met at the Poplar Hill Mansion and spent two hours examining what we have accomplished and what our next work plan should be. We planned for the spring neighborhood marches and discussed the idea of a community center for the Linens of the Week Property. The City is considering whether to accept the donation of this property now that Linens of the Week has re-located.

This past year we lost the great Lead Program Coordinator in this area of the City, Michelle Parks, to a better job. We are pleased that we were able to recruit a talented individual to replace Michelle. Ed Wise joined the staff in December 2008. He is already off to a running start. Finally, Habitat for Humanity completed three additional homes in Church Street in 2008.

We continue the Home Conversion Grant Program. To date, since the program began in 2005, we have converted 52 homes from rental to owner-occupied. In 2008, we converted 12 homes. The pace of the program was slower this past year because of the general problems in the economy, but we also have a \$50,000 grant from Community Legacy to add to accelerate the pace. Of the 12 homes that received Home Conversion Grant funding in 2008, two received Community Legacy funds.

I have worked very closely with a number of neighborhoods this past year on quality of life issues. In Harbor Pointe, as an example, we are close to having parcels and common areas that were purchased by an out-of-town mortgage company 15 years ago donated to the neighborhood association and ultimately to Wicomico County/Pemberton Park. This has been a time consuming process but will soon go to the City Council and hopefully move forward. This is illustrative of the many items I work on each week in my role as an advocate for the City's neighborhoods. In the Villas at Avalon, we are happy that a storm water relief project was begun this week after many years of advocating for this upgraded project.

Many of these issues were identified through the monthly Mayor's Neighborhood Roundtable. Over the past year the Round table has heard presentations on a wide range of relevant topics from the updated Comprehensive Plan to discussions with Delmarva Power as to how outages are identified and addressed. In addition we have dealt with issues of interest to individual neighborhoods. I am always amazed that while each neighborhood is unique, there are often overlaps in challenges. Noise is a problem in north and south Salisbury neighborhoods, which is why we have tightened our noise ordinance..

Homelessness is a growing problem in the City. It is certainly an outgrowth of the rising unemployment and the foreclosure crisis. The City is administering four "pass through" grants to assist with shelter costs and one grant for homeless prevention funds. These include Diakonia, Second Chance Help, Inc., Samaritan Shelter, Village of Hope and Salisbury Urban Ministries. Staff also sits on the Board of the Tri-County Alliance for the Homeless, the three counties continuum of care that addresses homeless issues, sharing resource information for energy assistance, food, clothing, furniture and mental health/substance issues.

Along these same lines, the past year has seen several efforts to eliminate homeless villages in the areas of the City along the railway. One in the vicinity of the Overhead Bridge was a collaboration between the City, the County and the State Highway Administration. These are instances where the most basic of sanitary conditions are non-existent. The individuals living there are often non-compliant with their medications, or are self-medicating with alcohol and other substances. They are a danger to themselves because of the substance abuse and the lack of hygiene. Potentially, they are a danger to surrounding neighborhoods because of their dependence on alcohol and drugs. We have stepped up our efforts in 2008 to re-connect these individuals, and those supporting drug habits through prostitution, to rehabilitation services.

The work of the Neighborhood Services Task Force continues under the leadership of Tom Stevenson, NSCC Director. After almost four years the level of cooperation among the City and County Departments participating in this effort has risen to an impressive level. A terrific example of this cross-departmental approach is found in a home in an East Side neighborhood. For a number of years, neighborhood residents expressed concern over the continuing deterioration of this owner-occupied home. Because it is a private residence and not a rental we were unable to gain entrance to do an inspection. During 2008, Neighborhood Services was called by the Fire Department when they responded to a call for service. The Housing Supervisor responded after-hours and found deplorable unsafe conditions. She spent a number of hours arranging for the resident to be re-located to a safe environment. The house was condemned and sold and is now being rehabilitated. This success was a direct result of the work of the Task Force and its inter-departmental approach. This past year the Neighborhood Services Task Force added representation from the Wicomico County Fire Protection Division.

Over the past year, NSCC issued nearly 8000 Notices of Violation through the work of four housing officers. 99% of all lead affected units (pre-1950) are now compliant with the State of Maryland lead laws and violators are being reported to MDE. All Code Enforcement Officers are now certified as Property Maintenance Inspectors with others seeking additional credentials. Neighborhood Services continues to play a major role in the renaissance of the Church Street/Doverdale neighborhood with the annual CSAFE Christmas celebration. After a super dinner at Cathedral of Love, area children and their parents crossed the street to experience Santa's Workshop. NSCC staff spent countless hours decorating and soliciting/donating gifts for the children so that the night was a huge success. For the evening the Neighborhood Services Office was transformed into Santa's Workshop and the kids had a great night!

The Isabella Streetscape Project, Phases I & II are nearing completion. Final items include signage and sprucing up the landscape areas this spring. Traffic continues to be a challenge and I have been pleased with the work of the MPO (Metropolitan Planning Organization) to address anticipated City traffic needs over the next twenty years. We have been able to see projects included that will continue to re-route traffic away from neighborhoods especially during peak times.

COMMUNITY DEVELOPMENT/NEIGHBORHOODS:

Community Development, through the Community Development Block Grant Program (CDBG) has supported to date a total of six Habitat homes. Working with Salisbury Neighborhood Housing Service (SNHS) we have helped four households with what is known as Principal Write Down Assistance. This means that the program can "forgive" a certain amount/percentage of a mortgage each year as long as the individual owns the home. This is a great aid in making housing more affordable. Our CDBG funds enable us to help homeowners with low/moderate income to make improvements/repairs to their homes. We have completed twenty units and have two in process and are processing an additional application.

The monies that SNHS received for Redevelopment Ready funds helped fund the demolition and reconstruction of Rose Street as a single family owner-occupied neighborhood. The demolition of the existing blighted housing was completed in 2008 and has been sub-divided into five lots on which SNHS will locate five new low/moderate homes for ownership.

In 2008, we created the Housing/Lottery Rehab Assistance Grant. Currently, we have allocated \$75K for this new innovative program. The City Attorney's Office is working with me to develop the criteria for eligibility. The premise of the program, which we first talked about in 2007, is that we will acquire structurally sound single family homes that are preferably not occupied through donation. In turn we will offer the properties to low/moderate income households. Utilizing CDBG funds we will offer funding for rehab. We will once again build on our highly successful partnership with SNHS to administer this program. The families will have the ability to rehabilitate these homes, with their mortgage being the cost of the rehab work. We are very excited about the potential of this program to build upon the existing programs in targeted neighborhoods.

Other highlights of the Community Development Office work through CDBG include:

- Funding provided for a case worker to assist the Village of Hope residents access outside programs, including job/skill training and housing counseling. To date, this has served 24 persons.
- Salisbury Micro-Enterprise Assistance Center – Maryland Capital Enterprises (MCE) to provide funding to train low/moderate income individuals to open their own businesses. Ten persons have been served.
- Job Training/Placement/Coaching Services to the Deaf Independent Living Association (DILA) – Funding has been provided for a jobs program for service to deaf and hearing impaired individuals, having served a total of twelve individuals thus far.

Program Open Space Funds from the State of Maryland include:

- \$101K to construct the NE Collector Road Hike & Bike Trail
- \$10K for the new City Dog Park

Work continues to rehabilitate the Doverdale Playground. We have a pending Community Parks & Playground application to construct the City's first Skate Park.

POLICE:

I am very pleased to report that crime continues to decline in the City. Serious crime is down overall by 14% over the past two years, with a 7% decline in 2008. In 2008, we opened the Eastern Shore Information Center. This is housed at the Police Department and represents a coordinated effort between all the law enforcement agencies on the Eastern Shore. As an intelligence center, it will be a great addition to consolidate gang information. This year the Police Department was successful in achieving re-accreditation.

Chief Webster introduced the “Power Squad,” to supplement officers during peak calls for service hours. This squad is part of the Community Action Team, which we created to focus resources to curb spikes in crime in individual neighborhoods. We continue to maintain full or near full strength in our officer ranks. We currently have one vacancy with two cadets in the Criminal Justice Academy. In 2008 we continued our focus on collaboration with other area agencies, to target specific crimes through joint operations. We are currently re-establishing the Citizen/Police Academy in specific neighborhoods.

FIRE:

In addition to the excitement of the opening of the new Cypress Street Station, 2008 was a busy year for the Salisbury Fire Department. The Department continued its focus on safety and fire prevention. Working with the Fire Safety Inspections staff of Wicomico County Public Works, the Department continues to ensure that all new construction within the Fire District (which includes structures outside the City limits) is compliant with life/safety codes and standards

Investment in equipment continued in 2008, with the purchase of the new tower ladder truck. This was a watershed for the Department as we now, at long last have the appropriate equipment to address any potential conflagration at the Medical Center. Before, we were dependent on neighboring departments, potentially losing valuable time in a crisis. We also completed the needs assessment for the renovation/replacement of Fire Station #2. As mentioned earlier, we are applying for funds for this project as part of the Federal Stimulus monies.

We added the technology that will permit paramedics to introduce an IV into a patient’s bone marrow. The Volunteer Division is at full strength (120) with a waiting list. We are preparing for negotiations this year on a new Fire Service Agreement with Wicomico County, with the goal being to have a more equitable arrangement for City taxpayers. Unfortunately, this will be the last year that David See will serve as Chief of the Department. He notified me that he will retire at the end of this fiscal year. David came into the Department in the midst of a period of upheaval and change and has guided the Department to a new level of excellence. The City will miss his steady leadership and tremendous judgment.

INTERNAL SERVICES:

The Internal Services Department includes:

- Purchasing
- Parking
- Finance
- Human Resources

In 2008, we implemented a new parking permit system and a new parking rate structure. The new rates were a response to the recommendations of the Parking Study completed last year. The Division also conducted a condition survey to assess the maintenance needs for the parking garage to ensure that we meet industry standards.

The Purchasing Division continued the effort to update and expand the electronic vendor database. This effort will help us ensure that we maximize the number of bids we receive and that the bidding process will be as competitive as possible. We placed a renewed focus on issuing contracts and Requests for Proposals in a timely fashion. Human Resources completed an update of the Employee Manual to correct, clarify and update specific sections of the handbook.

In the Finance Division, we completed an operational review conducted by the Government Finance Officers Association and division workgroups are currently implementing the recommendations. The conversion of the general billing system was completed to fully integrate with our current City software. We also implemented a pay system that further reduces the possibilities of check fraud. The FY08 audit was completed and delivered to the City Council on December 23, 2008, which was the earliest date in recent years and, as mentioned before, we received a clean opinion on the audit.

PLANNING & ZONING:

The Department made great strides over this past year in developing the City's first stand-alone Comprehensive Plan and the Water Resources Element of the plan. The latter is a result of legislation, passed in 2006, that is designed to assure that our growth is linked to the availability of water resources. Late in 2008, we enacted a moratorium on split-zoning in the City. We will hear recommendations from the Department and the Planning and Zoning Commission later in the spring on how to deal with future re-zoning of properties that are split into more than one zoning district. This problem was identified in one area of Salisbury as a result of a specific project, but an analysis identified other parcels that could potentially be problematic in the future as a result of this situation. With no opposition the City adopted an Adult Business Ordinance to better protect our neighborhood and community values.

CONCLUSION:

The next several years are going to be tough- tough for Salisbury and for cities and towns across our state and nation. In the past property tax revenues have kept local jurisdictions solvent during recessions. This will not be the case in these times. According to a recent article in "Governing" Magazine, "In the current recession, real estate values are plummeting, foreclosures are rising and huge numbers of taxpayers are disappearing from tax rolls. The property tax is the primary source of revenue for localities. Right now, it's threatened." Continuing, the article says, "We are still in phase one of what is likely to be a several year cycle of property tax revenue declines for locals." The National League of Cities says, "We've only just entered the woods."

Bearing all this in mind, Salisbury is still in sound condition, but we are going to see these constraints and we must be as conservative as possible, destined to make difficult decisions about capital projects and compensation for our employees. We will need resilient leadership, leadership that finds optimism in the midst of dark news and which looks past what is wrong to create what is right. We need leadership that leads from the conviction that we can, working together, create a collective future that is better.

While we face the same challenges that other cities and towns are facing, our biggest challenge by far is a small element within the City that consistently seeks to find “smoking guns” and conspiracies within the ranks of the City workforce. Daily, I run into citizens who are weary of the constant “gotcha” mentality on the part of a few citizens and City Council members. Citizens fear standing up and serving because it quite simply is not worth the vilification they chance at the hands of blogs and with threatening phone calls.

Each week I do a taping on a radio station. This past week, I interviewed Gary Comegys who is running for Mayor. The day the taping was to be broadcast, the station received a very early morning call from a local lawyer threatening the station manager that if the station aired the program they would be in violation of the FCC regulations. The week before, that same lawyer called the owner of a senior complex at his home in Westminster with a similar threat. The owner of the complex had invited his residents to a lunch for Comegys and Councilwoman Shanie Shields. This lawyer stated that if the luncheon were held, the owner would be in violation of federal law because the complex was built through a program that awards tax credits on a highly competitive basis to ensure affordable rents for residents. In both cases, there appears to be no legal backing for his statements. He simply is utilizing threats and intimidation in the hope that those whom he opposes in the election will have no advantage.

This is the same man who fostered the idea of a taxpayers’ suit against me during my first year in office. This was dismissed at the most basic judicial level, but not before it cost the City and our insurance carrier \$32,000. In the intervening years, he has enjoyed the ears of at least one member of each City Council and has cost the City tens of thousands of dollars in legal and staff time. In almost every case, there has been no legal basis for his claims and accusations. However much like the taxpayers suit against me in 1998, it costs money, energy, time and focus from those good and decent people who come to work everyday to simply do their job.

This is not about differences of opinion and policy questions. This is quite simply mean-spirited ugly constant intimidation. Combined with the lies and innuendo of several “bloggers” this city is under siege. Routinely, I receive calls and e-mails from citizens who disagree with my positions on individual matters. We talk and often find common ground, and sometimes agree to disagree. It is a very valuable process and I always find that I see whatever issue under consideration from a new perspective.

This poses a far greater danger to the Salisbury’s future than the current financial crisis. When people are afraid to step forward, run for office, speak on relevant issues, write letters to the editor expressing individual opinions, then the future is in jeopardy. I leave this job, an adventure that I have enjoyed with a firm conviction that the people of this great city need to stand up and say, “No More”. Only then can we move forward to meet the serious challenges and build upon the dreams and hard work of the twenty-four mayors who preceded me in service to this City.

I leave office in just under forty days, having served 24/7 for four thousand days. I have tremendous faith in the wisdom and grit of the citizens of Salisbury. The greatest joy by far in these past four thousand days has been to get to know the citizens of Salisbury. They have great ideas borne of unique and varied experiences. I will miss them more than I can know. They have the ability to tackle any challenge we face.

Last year, we talked about establishing several work groups to work on specific issues. I am happy to report that the Environmental Policy Task Force has submitted a very ambitious and exciting report to me and will make a presentation to the City Council on Monday in a work session. In August/September I appointed a work group to analyze the spate of overflow spills at the WWTP. Like the EPTF, they worked closely with staff, and have submitted a report. I anticipate the report from the Crime Task Force in the near future. These groups have worked well in the past and I have been pleased that we have been able to successfully implement over 80% of the recommendations. I will ask the groups to re-convene in about six months to analyze our progress in implementation.

I leave office secure in a very professional and dedicated staff. One of my goals in seeking office was to implement performance measurement system. I am happy to say that over the past year Loré Chambers has worked with each City Department to implement performance measures for the City. This is a result of four years work and evaluation. This program was implemented on July 1, 2008. Department heads will collect data and report quarterly on their progress on their goals. Performance measures are qualitative and quantitative to ensure that issues of concern to our citizens can be tracked and evaluated. This is only the first step in developing a comprehensive system of citizen engagement with greater accountability and transparency. A complete system will include the performance measures, feedback from citizens through a citizens survey and a web based dashboard tracking system so that the public can monitor our progress.

The tax differential study proceeds and I am confident that when it is completed in about 6-8 weeks it will bear testimony to the validity of our collective request for a tax set-off, tax relief for the citizens of Salisbury who have long been burdened with the double whammy of City and full county taxes. I will monitor and advocate for this actively as a private citizen

RECOGNITION OF CITIZENS:

DICK HAZEL/HAZEL FAMILY: DELMARVA TRAILS EXHIBIT

CHARLIE ANDERSON

RICHARD SMITH/REPRESENTATIVE OF THE MANY GREAT PEOPLE OF SALISBURY

REV. WILSON

DUNSTENS

THOSE WHO HAVE SERVED ON CITY BOARDS & COMMISSIONS

THOSE WHO HAVE SERVED ON THE TFs

STAFF

JOHN PICK