

CITY OF SALISBURY
WORK SESSION
MARCH 10, 2014

Public Officials Present

Council President Jacob R. Day
Mayor James P. Ireton, Jr.
Councilwoman Terry E. Cohen
(via teleconference)

Vice President Laura Mitchell
Councilman Timothy K. Spies
Councilwoman Eugenie P. Shields
(arrived 5:40 p.m.)

In Attendance

City Clerk Kimberly R. Nichols, CMC, Acting City Administrator M. Thomas Stevenson, Jr., Assistant City Administrator Terence Arrington, Internal Services Director Keith Cordrey, interested citizens, and members of the press.

On March 10, 2014 Salisbury City Council convened in a Work Session at 4:30 p.m. in Conference Room #306 of the Government Office Building. City Clerk Nichols called Councilwoman Cohen so that she could attend the Work Session via teleconference. Mr. Day apologized for starting the Work Session later than planned, explaining he was delayed due to joining Mayor Ireton in the State of the City Address at Mallard Landing.

Acting City Administrator Tom Stevenson proposed removing the discussion regarding the facade loan subordination, but Mr. Day indicated the parties were scheduled to be present today at the Work Session.

The Cottages at Riverhouse, Phase IV

Developer John Schuster, representing SIS Properties, LLC and Mr. Stevenson joined Council at the table to discuss the comprehensive connection fees waiver request for Phase IV of the Cottages at River House. Mr. Stevenson noted the following updates should be made to the drafted resolution:

- Line 9 should read Blackburn Housing IV, LP, and also be known as SIS Properties LLC.
- Line 30 should state thirty years, not forty one years

Mr. Schuster explained in order for SIS Properties, LLC to apply to the Maryland Department of Housing and Community Development for tax credits and rental housing funds they would need a Resolution of Support from the City of Salisbury. He also requested a waiver of EDU fees and a ten year tax deferral agreement similar to the ones done on the three previous phases.

Mr. Schuster fielded the following questions and points of discussion from Council:

- Connection of the roadway and parking infrastructure
- The remaining phase will complete the planned walking trail in the community
- Current occupancy rate (one vacancy out of 114 units)
- Current timeline
- Phase IV consists of four buildings
- State will not approve until next Spring due to competitive nature of the funding

- Occupancy will occur in approximately two years
- Mr. Schuster would provide an estimate of what the 10 year tax deferral would amount to at the next meeting, and Mr. Stevenson would provide the numbers in two days
- How the rental rates currently compare with other projects in the area
- Each person's income in every household is certified
- They must remain as affordable housing for thirty years in order to get the tax credits
- The affordable units would be for persons at or below 60% of median income, allowing a one person household to earn a maximum of \$31,260 and a two-person household \$35,760
- One bedroom apartments will rent for \$725 per month, and two bedroom apartments will rent for \$825 per month.

Council reached unanimous consensus to advance the resolution to the April 14, 2014 Council meeting.

Manufacturing Tax Exemption

Internal Services Director Keith Cordrey joined Council at the table. Attorney Mark Tilghman provided a summary of the previous discussion to decouple the Personal Property (P.P.) from the Real Property (R.P.) tax. He explained the current submission in the Work Session packet included only the manufacturing exemption because state law provides that the personal property taxes be set at 2 ½ times unless the municipality elects otherwise. Each year when the budget is set, the real and personal property tax rates are struck. If Council wants to lower the rates, this can be achieved during the budget process.

Council reached unanimous consensus for Mr. Cordrey and Mrs. Mitchell to work together and prepare an amendment to the Financial Policy setting the date the City acknowledged there is a default state rate for coupling the PP tax with the RP tax at 2 ½ times the property tax rate, but wishes not to follow the guide automatically, but to set the rate themselves. Additionally, unanimous consensus was reached to prepare the previously discussed manufacturing exemption legislation for the April 14, 2014 meeting.

Pay for Elected Officials – Council discussion

Mr. Day explained that in the discussion previously held with Councilmembers Shields and Spies at Work Session, unanimous consensus was reached to advance the recommended 12% increase to Legislative Session. Mr. Spies noted the budgets of the Cities used in the comparison, and indicated he felt the salaries were where they needed to be.

Mr. Spies and Ms. Cohen indicated they did not support adjusting the salaries because they considered the City's elected official's salaries were currently comparable with other Cities. Mrs. Mitchell was concerned that an adjustment was needed that should be tied to the CPI so that the "catch up" does not have to be done repeatedly, and indicated other cities likely benchmark against the City of Salisbury just as the City benchmarks against them. Mr. Day indicated the Mayor's current salary was not reflective of a full-time Mayor, and Mayor Ireton was expected to be present full-time. Mayor Ireton noted the total amount of the proposed increases would be approximately \$12,000.00 annually.

Consensus was reached to advance the legislation to an upcoming Council Meeting to allow the Public the opportunity to comment.

Discussion – Facade loan subordination (Doug Church)

Mr. Dick Van Gelder, on behalf of Hebron Savings Bank and representing Doug Church, joined Council to discuss the facade loan subordination. He provided the following background information on the facade loan:

- In 2004, Mr. Church, under Center City Investments purchased the property on the downtown plaza
- Shore Bank required some credit enhancements in order to provide the loan, and part of the credit package involved a City of Salisbury loan of \$156,000.00
- The loan has been paid each month as agreed upon, and the balance is currently \$93,000.00
- Mr. Church has since become a Hebron Savings Bank customer, and has requested they refinance the loan with a small rate savings
- To refinance the property, the Bank requests the City of Salisbury continue to subordinate its lien position to a second lien position, as has been done in the past ten years

After discussion, Council reached unanimous consensus to recommend that Mr. Tilghman meet with Mr. Van Gelder and Doug Church to complete the loan subordination process with the expectation that the personal guarantee will be included, and if possible, to include the two discussed properties as collateral for the City's loan, without extending the time frame any further.

Fireworks Budget Amendment

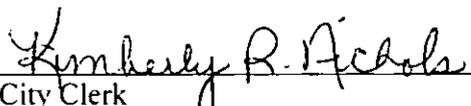
Mike Dunn joined Council to discuss the request to the City for the \$10,000 contribution to the Red, White and Boom fireworks display to be held on July 4th in the City of Salisbury.

Mr. Dunn explained the committee is seeking a sustainable way to move forward with Red, White and Boom and asked the City to join as a partner. An endowment fund will be established with the Community Foundation of the Eastern Shore and outreach will be extended to the Perdue Foundation, Salisbury University Foundation, and Henson for partnership.

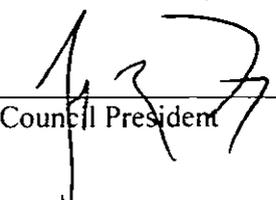
Mr. Spies asked for the names and amounts contributed by the other donors and Ms. Cohen asked for the target amount needed for the fund to become self-sustaining. Mr. Dunn responded that he would provide the list of names and amounts, and \$10,000.00 was the initial goal to begin the endowment fund.

Council reached unanimous consensus to advance the budget amendment to the next Legislative Session.

There being no further discussion, President Day adjourned the Work Session at 6:05 p.m.



City Clerk



Council President