CAMBRIDGE MATTERS # 7.5

Commissioner Steve Rideout

[swrideout@aol.com](mailto:swrideout@aol.com)

September 4, 2020

The City Council met in Special Session on September 4th to address three specific issues. Two involved the funding of repairs to the Ladder Truck for the Rescue Fire Company and the approval of a grant from the State of Maryland for $250,000 for the Marina and authorizing the Mayor to sign the related Waterway Improvement Fund Grant Agreement. The third matter involved a request from Delmarva Community Services for a partial property tax exemption on the Senior Residences at Chesapeake Grove Project and a proposed agreement regarding legally permitted preferences for local lower income seniors for admission to the residences under certain limited circumstances as well as an agreement for the city to be able to perform internal inspections of the property if needed.

After a moment of silence and the Pledge of Allegiance, the agenda was amended at the request of Commissioner Sydnor and approved 5-0 on proper motion and second.

The first item for discussion was Ordinance 1167 that dealt with funding the repair of the ladder truck for approximately $38,000. The proposal was to set aside $48,000 from anticipated State Highway User Funds for that purpose. Commissioner Sydnor objected to using Highway User Funds; and after several alternative proposals, a portion of the monies scheduled to be used for the long overdue repair of the roof at the old city hall were set aside for the proposed ladder truck repairs so that the ordinance had to be amended to show that change.

Included in Ordinance 1167 was the acceptance of the $250,000 grant from the State of Maryland for repairs at the marina. This grant had been delayed at one prior meeting and voted down at a second one because there was a need for four votes to amend the budget and the vote both times had been 3-2. After the first 3-2 vote, I asked the Mayor to vote pursuant to a legal opinion by our city attorney that allowed her to vote on this matter.

She needed time to read the opinion and when the matter came back on August 24th, she declined to vote thus leaving the item as being defeated for lack of a 4th vote. Commissioner Sydnor had raised some concerns about how the $250,000 was going to be used and whether it was different than the $99,000 and $80,000 that had been previously granted to the city for the marina and the boat ramp.

As we did not have the memo regarding the earlier grant in front of us, the matter had to be continued. I am attaching the Council Action Report on that matter from our February 24th meeting where the earlier grant was approved. I had recalled and explained the boat ramp funding as it was a bit unusual but I could not recall the specifics of the $99,000 for the marina and Long Wharf. The $250,000 grant was being provided for separate work at the marina as is shown on the other attached Council Action Report from August 10th.

With the modification of the ladder truck funding with Ordinance 1167, I then moved for its adoption as amended with a second by Commissioner Hanson. The Ordinance passed 5-0. The next item was related to the Marina grant in that it was the agreement between the city and the state on how that money was to be spent. On my motion and second by both Commissioners Hanson and Cannon to approve Resolution 20-16, which allowed the Mayor to sign the Waterway Improvement Fund Grant Agreement, it passed 5-0.

The final matters involved the letter of support and the letter of intent with Delmarva Community Services (DCS) and their Senior Residences as Chesapeake Grove Project. You may recall that this matter was added to the agenda on August 24th with a proposed letter for the Mayor to sign that gave the project a Payment in Lieu of Taxes (PILOT) of $200 per unit for 60 units that are expected to be built. This, if approved would have brought into the city a total of $12,000 a year in taxes for the 15 years requested by DCS.

Commissioner Sydnor had moved to approve the PILOT without Commissioner Hanson or me having had any explanation of the project or the proposed PILOT, and so we voted against it. The vote was 3-2. Fortunately, under our Rules of Procedure items not on the agenda but placed there at the last minute, as this was, need four votes to pass. Thus, the motion failed.

Commissioner Hanson and I were then able to meet with Dr. Grande and the project consultant to obtain more information. Thanks to two knowledgeable residents who provided me with information that helped us understand what questions to ask, Commissioner Hanson and I were able to be better informed in our discussion.

We learned that DCS was not asking for there to be a PILOT of $200 per unit for a total of $12,000 in taxes each year. It was asking that there be an exemption of $200 per unit for the 15 years or a tax credit on the taxes assessed each year on the apartment building. The anticipated cost of the Senior Residences is at least $12 million. If the Tax Assessment were just 75% of that amount, the estimated city real estate tax on that property would be around $75,000 a year.

With a $12,000 tax credit, the monies coming to the city would be $63,000 a year rather than the $12,000 original proposal brought to City Council by Commissioner Sydnor in the letter that was voted on at the August 24th meeting. Over the 15 years of this agreement, the city would have lost almost $1 million dollars in taxes had Commissioner Hanson and I not objected and made further inquiries.

In addition with the information provided by two city residents, we were able to obtain the agreements that are included in the third document that is attached to this report that will benefit lower income people from Cambridge and Dorchester County under the limited circumstances mentioned in the letter.

Thanks for reading.

Steve