

**Wicomico County Council
Open Work Session
September 2, 2014**

Work sessions require written minutes that reflect each item that the public body considered, the action that the public body took on each item and each vote that was recorded. **It should be noted that at work sessions, the Wicomico County Council does not take formal action, nor is a vote taken on any item discussed.**

In attendance: Matt Holloway, President; John B. Hall, Vice President; Bob Culver, Sheree Sample-Hughes, Stevie Prettyman, Gail M. Bartkovich and Joe Holloway.

Present: Matthew E. Creamer, Council Administrator; Edgar A. Baker, Jr., County Attorney; Wayne Strausburg, Director of Administration; Steve Roser, Internal Auditor; Suzanne Brown, Wicomico County Housing Authority and Melissa Holland, Recording Secretary.

Discussion of Resolution 103-2014-Approving the Public Housing Agency (“PHA”) 5-Year plan submitted by the Wicomico County Housing Authority: Suzanne Brown, Acting Director of Wicomico County Housing Authority came before Council. Ms. Brown said there is a lot of information. She said if they have any questions to please let her know. She read the mission statement to the Council and said the Housing Authority serves families. Ms. Brown said there was recently a zoning approval for reduced parking for Booth Street Townhouses and a waiver for community impact. She said they received \$17 million multi level financing to re-invent affordable housing. Ms. Brown said the state, with tax credits, believes in the Housing Authority. She said there is a RAD grant that is available and has a long term impact of \$14 million and a 15 year commitment from the federal government which subsidizes the rents. She said HUD doesn’t have money to renovate the units. She said they applied for scattered site for homes around the county and are on the waiting list. She said the federal government needs to increase the amount of units that are completed.

Mr. Joe Holloway asked about the units around the county that are empty and repaired to allow families to live in them. She said all of the homes need repair and some are vacant. Ms. Brown said there are over thirty empty homes. She said they are renovating two single family homes on Lake Street and are working with Chief Duncan on a home on Decatur Street for a police sub-station. She said the capital budget for the Housing Authority is \$249,000 and the average renovation onboard is \$25,000-40,000 and that money will only renovated a few homes with the capital money. She said before Ms. Church’s passing, two homes were chosen to be sold and she is continuing to implement Ms. Church’s plan to sell those homes.

Ms. Brown said that Riverside Homes had a major fire and four homes were destroyed and will be back ready for occupancy in September. She said they operate a Housing Choice program, also known as Section 8, and 200 families are served. While the demand is for more Section 8 housing, the 200 units are all the Wicomico County Housing Authority can afford. Mrs. Sample-Hughes asked if the proceeds from the sale

of the home will go into the Capital budget to renovate homes. Ms. Brown said yes it will go into the Capital fund to renovate more homes. Mr. Joe Holloway asked what the qualifications were for the two homes that are being sold and why more were not being sold. Ms. Brown said that Ms. Church felt that children should be proud of their homes and did not feel that the location of the two homes should house a family.

Ms. Brown said the Housing Authority is trying very hard to renovate the scattered homes and get them for occupancy. She said they have had clean audits and have been out of "troubled Housing Authority" status for five years as there had been twenty years of mis-management by the Housing Authority. She said \$848,000 has been used to renovate scattered site homes. She said in 2010 the Housing Authority applied for a grant with the National Affordable Housing Program and was denied because HUD would not do it. She said the RAD program is working because the capital will come from the Maryland Low Income Tax Credit program and its investors. She said for scattered sites the money will come from the Bank of Delmarva as they have signed a letter of intent that the bank will loan the Housing Authority \$3 million dollars. She said the Wicomico County Housing Authority is on a waiting list for RAD monies. Mr. Culver asked if the loan was callable to which Ms. Brown said it will be a 15-year loan and the rate is negotiable. She said the family will only pay 30% of their income for rent and utilities. Mrs. Prettyman said the investors will receive a tax credit to which Ms. Brown agreed.

Ms. Brown said in 2012 Wicomico County Housing Authority had a business plan to spend \$500,000 on scattered sites and HUD pulled the focus back and wanted them to focus on Booth Street Townhouses. She said their plan was to renovate the single family scattered homes. Ms. Brown said they work with Montgomery County Housing Authority quite a bit as they have a procurement office. She said they began renovations however they had to stop the agreement. Ms. Brown said they are striving for an amenity rich, energy efficient, cable ready home which is a market rate unit. Mrs. Sample-Hughes asked how many homes have been renovated to which Ms. Brown said she will send the information to Council.

Mrs. Prettyman is glad that the Housing Authority is out of troubled status. She asked Ms. Brown if she is physically at Booth Street. Ms. Brown said she is shared with another Housing Authority in Prince George's County. She said she is here Monday and Tuesday and with the redevelopment efforts she has been in the office more frequently. Ms. Brown said there is a full five member Board. Mrs. Prettyman asked who oversees the office when she is not there. She said she does and there are two people that manage the office; one manages the inside and one manages the outside. She said they are looking for a full time director. She said she is available 24 hours a day 7 days a week. Mrs. Prettyman thanked Ms. Brown for taking on this role. She said the average rent of scattered homes is \$191 monthly per family. She said that HUD rent is \$307 and they only receive \$494 a month for a home. She said the Section 8 program fair market rent is \$1,126 and the Housing Authority operates at 45% of what a Section 8 landlord operates at.

Mrs. Bartkovich said when the Housing Authority came before the Planning Commission and said they asked other questions and she feels like a lot of thought was put into this plan.

Mrs. Sample-Hughes asked what the timeline is to receive the RAD award. Ms. Brown said Booth Street was approved in December 2012. She said they have not been awarded the RAD for scattered site but are on the waiting list.

Mr. Joe Holloway said if there are 90 scattered sites and over 30 are vacant possibly the Housing Authority should sell more than two and repair the ones they can.

Mrs. Prettyman feels the Council and Executive should work on a support letter for the Housing Authority. Resolution 103-2014 will be brought back at the next Council meeting.

Resolution 117-2014 - Approving a Power Purchase Agreement and Performance Guarantee Agreement with SolarCity Corporation- Lee Beauchamp, Director of Public Works, came before Council. Mrs. Prettyman said this was pulled from the Legislative Agenda and she asked what the questions were from Council members. Mr. Hall said "Exhibit 1 Item 10 Purchase Option-Fair Market Value buyout" and said it is determined by a professional agency that does buy outs. He asked how many buy outs have there been. He asked how the fair market value can be determined. Mr. Beauchamp said they can tell on the purchase price of the equipments as they do a depreciation practice and the degradation rate on the solar panels. He said that this is just for the Landfill Borrow Pit site and there will be one for the Delmar Convenience Center as well.

Mr. Culver said it is 4.5 cents per kilowatt and states in the contract if they can't deliver the power the county buys back from the local electric company. Mr. Beauchamp said there is a Performance Guarantee Agreement and said there is a guaranteed production rate of the facility and SolarCity has to pay the county back the market rate of what the county is buying if they can't produce the outlined generation. Mr. Beauchamp said if in year 2 they don't meet the guaranteed kilowatt hours they would reimburse the county for the county to buy the power at market rates. Mr. Hall asked if there is a guaranteed rate the county has to buy. Mr. Beauchamp said the county is going to buy 15 millions kilowatts in year two. He said the county looked at all of the meters and came up with aggregated metering consumption and demand and then looked at the land available to site facilities and came up with the guaranteed rate. Mr. Beauchamp said the county can add more panels but can't go over their energy consumption. He said the county has been working with the Board of Education and the City of Salisbury and they are going to piggy back on the county's contract so there will be additional savings. Mr. Beauchamp said the power will be produced on site so there will not be a transmission cost. He said there is zero upfront cost to the county and the PPA rate is at .05 cents per kilowatt and a zero escalator. He said the county will be cutting its energy bill in half. Mr. Hall asked how much electricity is used now to which Mr. Beauchamp said three megawatts. He said there will be \$111,000 savings at the landfill site.

Mr. Hall said the county is responsible for maintenance and repair of the premises in the contract. Mr. Beauchamp said that refers to the he facility that the electricity is being consumed by and getting the power from the grid SolarCity produced. He said that maintenance and grass cutting is included in the contract as well.

Mr. Joe Holloway asked if the company would have the ability to pay the county if the situation occurred if they owed the County money. Mr. Beauchamp said SolarCity is the largest solar power provider, residential and commercial, in the United States. Mr. Beauchamp is predicting \$3 million in savings over a 20 year period. Mr. Culver said the company wants a financial review audit statements, balance statement and cash flow and asked if the company would provide the same information. Mr. Beauchamp said SolarCity is a publicly traded company and that information is available. Mr. Culver asked if Mr. Baker had reviewed the contract. Mr. Baker said his office looked at routine things and hired Funk and Bolton to negotiate the contract.

Mrs. Sample-Hughes asked what level of participation Mr. Beauchamp he would have with the Board of Education to learn what type of savings they may incur. Mr. Beauchamp said they were involved in the negotiations in the beginning and the Board of Education is ready to move forward as soon as the county agrees. He said they are looking at around \$200,000 a year in savings depending on how significant a project they do. He said they are looking to do possibly a curriculum with solar projects as well and include the students.

Mrs. Bartkovich asked about the taxes and said the purchaser will reimburse seller for any and all taxes. Mr. Baker said the county owns the land there is no property taxes and the personal property taxes are a wash. Mr. Beauchamp said this was modeled after Queen Anne's county. He said there would be a \$1 cent more cost if SolarCity had to take on the tax liability. Mr. Culver asked what happens if the state or federal government puts a tax on the per kilowatt hour. Mr. Beauchamp said if that happened that would be looked at by the county.

Mrs. Sample-Hughes asked about repairs. Mr. Beauchamp said SolarCity has a presence in Frederick, Maryland. He said they would have equipment on the Eastern Shore and would service the equipment. He said they monitor the equipment from their facility as well.

Mr. Joe Holloway asked why the panels couldn't be placed at the landfill on the capped land. Mr. Beauchamp said it was more expensive to place the project in that area as they can't pierce the liner or the cap and will have to use bowels which made the cost was more expensive.

Mrs. Bartkovich asked about the public hearings for the site locations and asked if the residents have been notified. Mr. Beauchamp said they will notify all of the direct property owners with mailings and would appreciate any comments. He said SolarCity has to be sure that the county is going to move forward with the contract.

Mr. Joe Holloway asked where the monies to pay Funk and Bolton were paid out of to which Mr. Beauchamp said Solid Waste funds. The resolution will be brought back at the next Council meeting. The public hearing will be held on October 7, 2014 at 6:30 p.m.

Open Work Session adjourned.