



TALBOT COUNTY, MARYLAND

County Council

MINUTES

May 29, 2018

Present – President Jennifer L. Williams, Vice President Corey W. Pack, Dirck K. Bartlett, Chuck F. Callahan, Laura E. Price, County Manager R. Andrew Hollis and Assistant County Attorney Mary O’Donnell. County Attorney Anthony Kupersmith was absent.

- I. Agenda – Ms. Williams requested and received Council’s unanimous consent for approval of the Agenda of Tuesday, May 29, 2018, a Special Legislative Day.
- II. Disbursements – Ms. Williams requested and received Council’s unanimous consent for approval of the Disbursements of Tuesday, May 29, 2018.
- III. Eligible for Vote:

Bill No. 1387, AN ACT TO ESTABLISH THE 2018-2019 ANNUAL BUDGET AND APPROPRIATION ORDINANCE was read into the record by the Clerk. Prior to vote on the legislation, Ms. Williams stated that Since Bill No. 1387 was originally introduced, one amendment had been put forth. She stated that there have been an additional five amendments which have been drafted and provided to Council for their review.

Amendment #1 A

Increases Operating Appropriation to the Board of Education by \$2 million
Reduces Transfer to Capital projects fund from \$5 million to \$3 million for Easton Elementary School Project.

In Capital Projects Fund – reduces Local Funds to the Easton Elementary School Project by \$2 million and increases Long Term borrowing for this project by \$2 million.

Amendment #1 A was introduced by Ms. Williams, Mr. Callahan and Mr. Pack at the Council meeting on Tuesday, May 22, 2018. Mr. Pack requested that Amendment 1A be withdrawn; there was no objection by Mr. Callahan and Ms. Williams, who had also introduced the amendment. Prior to introduction of the other proposed amendments, individual Council members commented on the overall budget picture and the proposed amendments. Individual Council members stated as follows:

- Ms. Price - Ms. Price stated that her job as an elected official is to represent all citizens who live in Talbot County and to balance everyone’s needs. She stated that as the mother of two sons who graduated from Easton High School and have continued their education, she and her husband know how important education is. She stated that, in her opinion, most citizens were not aware of the massive increases in educational funding until it was picked up by the media. She stated that the proposed extra \$2 million was suggested at the Council’s work session for final budget deliberations, but had never been a part of the proposed budget as advertised. She stated that she had reluctantly modified her position from the proposed budget of \$1.7 million above the current year’s budget, plus the additional \$830,000 in non-recurring expenses for a total increase of \$2.5 million more than last year. She noted that the Council had been notified about approval

of the \$830,000 just minutes before the start of the meeting. She stated that she had proposed the additional \$371,000 that met the school's request, and which the schools had indicated they would need, bringing the total increase over the current year to nearly \$3 million. She expressed her appreciation to her colleagues and the Board of Education for working together to come up with the priorities for their funding levels for 2019. She stated that, in her opinion, this was not cutting the budget, it was not a Maintenance of Effort budget, and is not a status quo budget, and that a good compromise had been made. She stated that, in her opinion, it is never sound fiscal policy to move money from the capital budget, or the County's savings account, which is where the County will get the money for the new \$50 million elementary school, particularly when the operating costs, which are mandated by the State Maintenance of Effort law to go on forever, can never be decreased. She emphasized that she cannot support moving money out of savings or capital; in her opinion, any additional spending requires that the County raise everyone's taxes an additional 4.7 cents to meet the \$2 million, which would be on top of the 5 cents we have already raised taxes since 2013; doubling the amount in one year is just too much for the average citizen. She stated that, in her opinion, the County Council has stepped up over the last six years – we have increased funding, increased taxes, and the County is in the top three in local funding in the state at 75 percent of their total budget, and in the top five in local per pupil dollars at \$8,621; the State average is just over \$7,300. She stated that we have raised property taxes ten percent so far, raising \$2.7 million, which means for the average homeowner, an additional \$177 for just the increase in education funding and nothing for the other services needed by county citizens. She stated that the additional 2 cents proposed for the current year would have generated \$5.2 million over the last six years solely for education, which is a good place to put it, but that asking county citizens for another \$2 million would be a cumulative increase of 18%, or \$357 per homeowner, and it is, in her opinion, just too much for one year as many can't afford it. Ms. Price stated that the average person in Talbot County is making 20 percent below the State average in wages or is a retiree on a fixed income and they have not planned for a 20% increase in their taxes all at once. She stated that we are now about to beg the citizens' consent to allow us to raise their taxes to fund the other half of the County budget through a tax revenue proposal, due, in her opinion, in large part because the school budget requires a large chunk – over 50 percent. She stated that citizens haven't consented to the ten percent we have done so far and they haven't consented to a potential increase of 18 percent to fund a \$4 million increase that will go on forever. Ms. Price concluded her comments by thanking everyone for being here and stated that she hopes we can recognize that nearly \$3 million will do it for this year.

Mr. Bartlett - Mr. Bartlett stated that he was glad to see that Amendment 1A had been withdrawn because he was not in favor of moving money from the construction budget for the school into operations as, in his opinion, it sets a bad precedent and would cost the County approximately \$360,000 in interest and principal payments per year. He reiterated that the Council had agreed to put \$5 million aside in the draft budget as a down payment toward the cost of the \$30 million Easton Elementary School project so instead of borrowing \$30 million, the County would only need to borrow \$25 million, thus saving approximately \$360,000 of interest and principal per year. He stated that, in his opinion, the down payment was a good idea for this project which is important to the students who attend the Dobson-Moton school. He stated that the Council looks forward to moving the project forward. He stated that the project will increase the County's debt by approximately \$3 million a year

for 20 years. He stated that the Easton Elementary School project, combined with the \$30 million St. Michaels school project, of which \$15 million remains to be paid, and the money still owed on the Chapel District school and several other projects amounts to approximately \$1 million per year. Mr. Bartlett reiterated that taking money out of capital was a “non-starter” for him so he was pleased to see that the idea was off the table. He stated that, in his opinion, the education lobby in Maryland is very strong, as evidenced by the kind of support shown in these public hearings. He stated that the Maintenance of Effort law does not allow the County to go backwards in funding, whether we like it or not, and we cannot legally fund the schools less than we did the prior year. He outlined additional monies provided to the school system for additional students (\$700,000), increased cost of health insurance (approximately \$1 million), adding that the Board of Education had utilized savings from other years to offset some of the increased costs; funding of non-recurring costs in the sum of \$831,000, which he stated the Council did not hesitate to fund and which was initially denied by the State but later reversed their decision and the County received \$800,000. He stated that it was his understanding from the letter the Council had received from Kelly Griffith that with an additional \$371,000, no services like the NJROTC program, the talented and gifted program, etc. would be eliminated. Mr. Bartlett expressed his appreciation to Dr. Griffith for providing the information and stated that, in his opinion, we all have to live within our means. He stated that until the voters of Talbot County decide that they don’t want a revenue cap, the reality is that we are hemmed in by a two percent revenue cap. He stated that, in his opinion, if the Board of Education requests ten percent in one year, which basically the \$4 million request is, that is irresponsible spending on our part. He stated that his amendment, Amendment D, basically aligns with the letter Dr. Griffith sent the Council indicating what the school system really has to have. He stated that with the funding of the \$30 million school project, it would be, in his opinion, irresponsible to give more money to the Board of Education now and then turn around and borrow money for the school project and pay interest on that in addition to the interest we are paying on other projects. Mr. Bartlett concluded his comments by expressing his appreciation to the citizens for their input and stated that he wants to go on the record that he did not agree to the additional \$2 million to fully fund the \$4 million as requested. He stated that the newspaper had reported a unanimous vote on the \$2 million, but that was inaccurate; the idea came by way of Mr. Pack’s amendment and supported by Mr. Callahan and Ms. Williams; he did not agree to that. He stated that it was never his intent to fully fund the \$4 million.

Mr. Callahan - Mr. Callahan stated that, in his opinion, all the Council members are trying to figure out ways to support the schools. He expressed his appreciation to everyone for attending the meeting and stated that he had received a lot of emails and had done his best to acknowledge them. He stated that the Council is not running away from the issue and he did support the \$2 million. He stated that, in his opinion, we could never get caught up with the revenue cap the way it was. He stated that we are trying to fund the schools and fund other County services, and we are trying to make it so the taxpayer can have a breather while still being able to put something on the ballot to help all of us, not only the school system but all the other services that the County has to provide. He stated that, in his opinion, there is no Council member up here that wants to fund the schools more than he does. He stated that in recent weeks he has thought long and hard about knowing that every year the schools have actually been behind in funding. He stated that he had enjoyed the

relationship the County has had with Kelly Griffith over the last four years in trying to provide some of the services needed by the school system and to not do away with such programs as the CTE program, which, he stated, is a huge part of him. He stated that he disagreed somewhat about how we dipped into the capital fund, but that we are trying to make something work; we might not always have the right answer or be taking out of the right pot, but we're all trying to get there. He stated that each Council member has his or her own idea about how to fund this as represented in the various amendments. He stated that he had been on the Easton Elementary School Project Steering Committee from day one and knows the budget for the project is \$30 million. He stated that he has been involved in trying to save the County money, knowing we're up here trying to fund it. He stated that the County is committed to building the school and that a lot of his commitment is to the teachers and children to show them that we are behind them. Mr. Callahan expressed his appreciation to his colleagues for postponing the vote and apologized to the school system for any stress caused by the delay. He stated that when the County received the \$800,000 from the State it changed the game for the County as to how to come up with the extra funds and the delay gave us some time to think and to come up with some new ideas on how to fund the schools. He stated that, in his opinion, some of the new amendments will provide that. Ms. Price clarified that the \$800,000 did not come from the State; it was approval of non-recurring expenses, not part of Maintenance of Effort. She stated that the \$830,000 is County funding.

Mr. Pack - Mr. Pack reiterated Mr. Callahan's statement that we're all trying to get to a particular point as to how to fund the request of our school board. He stated that, in his opinion, we have had a very congenial working relationship with the Superintendent and the Board of Education and they put together what he believes was a real needs budget which would put them back to where they need to be after too many years of cuts and modest increases in the school budget. He stated that what he was attempting to do was to get close to the full funding request by introducing a \$2 million draft from the Capital Fund to accomplish that. He stated that upon receipt of the letter from the State indicating that they had approved the \$831,000 of non-recurring expenses to remain in the non-recurring category, it had changed his thinking because the \$831,000 was built into the \$2 million draft from the Capital Fund. He acknowledged that it would increase the debt service over the next 20 years but his immediate concern was trying to get the school the funding that they needed while not overburdening the taxpayer now with another hit on the supplement which is currently at two cents. He stated that one amendment proposes to go to 4.6 percent, a big jump in one year, in his opinion. Mr. Pack stated that anytime there is discussion about the education supplement, it is basically a discussion about a property tax increase. He stated that what he was trying to do was to ward off another increase in the property tax at this time and to find a way to fund the school to its full funding request, the real needs request, that was presented. Mr. Pack expressed his appreciation to his colleagues for giving him the consideration over the past week to look over the numbers and to sit down with Ms. Lane and with the County attorneys. He concluded his comments by stating that he wished to offer another amendment which will, in his opinion, get the schools the additional funding they need without increasing the supplement (property tax increase).

Ms. Williams - Ms. Williams stated that, in her opinion, this has been the hardest budget yet for this Council. She stated that the needs and requests have been great and the

revenue we have does not begin to keep up with the needs the Board of Education or a number of our departments, so it is very difficult to make decisions on how much and to what degree each department is funded because the majority of them cannot be funded 100 percent. She stated that during the budget process and after looking at the School Board, the Board's requests, and the schools of today, she has come to realize that our schools today are a far cry from the schools she went to; the population is different and the demands on the schools are different. She stated that last week a comment was attributed to her stating that schools shouldn't be the parent and they shouldn't have to be the parent. She stated that the comment was taken out of context and that what she said in full was that it's unfortunate that today the schools are being placed in that position in so many instances. She stated that it's unfortunate that so many children come to school without an adult role model in their life and that our schools are having to fill that void in so many cases. She stated that it's unfortunate that our youngest children are coming to school and they really have never been socialized; they don't know how to play together and how to share; skills that probably everyone in this room learned from their parents and took for granted growing up. Ms. Williams stated that she continues to be frustrated over the State formula that puts Talbot County at the very bottom in funding dollars per student, that it is something that Annapolis has dictated to us and it's something that we need to keep working to get changed. She stated that the State looks at the value of the real property in the county and determines that we are a very wealthy county but does not take into account that much of the high-priced property does not belong to people who live in the county and therefore we only see their property taxes, not their income taxes. She stated that as maddening as it is that the State fails to provide for our children the way they should, does that mean that we shouldn't provide for them in retaliation? She stated that she can't say it does. She acknowledged that while we can't provide enough to bring our per student funding up to the middle of the group, we probably can do a little better than we have been doing, taking into consideration what the schools are being asked to do today versus in times past – and it is a big difference. She stated that the County could not fully fund the budget requests as it does not have the funds, but can fund more than some people would like. Ms. Williams concluded her comments by stating that although the Council can't make everyone happy; if we can come to something in the middle, everyone should recognize that the Council has done its job, tried hard to look at the big picture and to find a midpoint that everyone can live with at the end of the day.

Amendment # 1 B

Increases Educational Supplement from 2 cents to 4.67 cents (increase in revenue of \$1,995,825)

Increases Operating Appropriation to the Board of Education by \$2 million

Does not change Transfer to Capital projects fund from Budget as Introduced (\$5 million for Easton Elementary School Project), drafted by Ms. Price, was brought forward for introduction. Ms. Price stated that she would not be introducing the amendment and wished to withdraw it from consideration.

Amendment # 1 C

Increases Educational Supplement from 2 cents to 3 cents (increase in revenue of \$747,500)

Increases Operating Appropriation to the Board of Education by \$747,500

Does not change Transfer to Capital projects fund from Budget as Introduced (\$5 million for Easton Elementary School Project), drafted by Ms. Williams, was brought forward for introduction. Ms. Williams stated that she wished to withdraw the amendment for consideration and not offer it for introduction.

Amendment # 1 D

Increases Educational Supplement from 2 cents to 2.5 cents (increase in revenue of \$373,750)

Increases Operating Appropriation to the Board of Education by \$373,750

Does not change Transfer to Capital projects fund from Budget as Introduced (\$5 million for Easton Elementary School Project) was drafted by Mr. Bartlett. Prior to introduction he outlined the reasons for bringing the amendment forward for consideration. The amendment was introduced by Mr. Bartlett and Ms. Price and Council discussion ensued. The Council did not approve Amendment #1D by voting 2 – 3 as follows:

Ms. Williams – Nay

Ms. Price – Aye

Mr. Bartlett – Aye

Mr. Pack – Nay

Mr. Callahan – Nay

Amendment # 1 E

Increases Educational Supplement from 2 cents to 2.5 cents (increase in revenue of \$373,750)

Increases Operating Appropriation to the Board of Education by \$1,168,750 (\$373,750 from Educational Supplement and \$795,000 from Trans to Capital Projects)

Maintains Non recurring cost for the Board of Education at \$831,002

Reduces Transfer to Capital projects fund from \$5 million to \$4,205,000 for Easton Elementary School Project.

In Capital Projects Fund – reduces Local Funds to the Easton Elementary School Project by \$795,000 and increases Long Term borrowing for this project by \$765,000, was drafted by Mr. Pack. Prior to introduction, he outlined his reasons for bringing the amendment forward for consideration. The amendment was introduced by Mr. Callahan, Mr. Pack, and Ms. Williams and Council discussion ensued.

Amendment # 1 C

Increases Educational Supplement from 2 cents to 3 cents (increase in revenue of \$747,500)

Increases Operating Appropriation to the Board of Education by \$747,500

Does not change Transfer to Capital projects fund from Budget as Introduced (\$5 million for Easton Elementary School Project), drafted by Ms. Williams, was requested to be again brought forward for introduction. The amendment was introduced by Mr. Bartlett, Ms. Price and Mr. Callahan and Council discussion ensued. Ms. Williams offered an amendment to Amendment #1C which would raise the educational supplement to 3.5 cents to provide the \$370,988 required so that no personnel or program cuts would need to be made; it would also provide an additional \$750,262 to the budget which would be \$81,940 less than Mr. Pack's amendment. Mr. Callahan seconded the motion. The Council did not approve the amendment to Amendment #1C by voting 2 – 3 as follows:

Ms. Williams – Aye

Ms. Price – Nay

Mr. Bartlett – Nay

Mr. Pack – Nay

Mr. Callahan – Aye

Amendment #1C was brought forward for vote. The Council did not approve Amendment #1C by voting 1 – 4 as follows:

Ms. Williams – Nay
Ms. Price – Aye
Mr. Bartlett – Nay
Mr. Pack – Nay
Mr. Callahan – Nay

Amendment #1E was brought forward for vote. The Council approved Amendment #1E voting 3 – 2 as follows:

Ms. Williams – Aye
Ms. Price – Nay
Mr. Bartlett – Nay
Mr. Pack – Aye
Mr. Callahan – Aye

Bill 1387, as amended, was brought forward for vote. Angela Lane, Finance Director, read Amendment #1E into the record. The Council approved Bill 1387, as amended, by voting 3 – 2 as follows:

Ms. Williams – Aye
Ms. Price – Nay
Mr. Bartlett – Nay
Mr. Pack – Aye
Mr. Callahan - Aye

IV. Council Comments:

Ms. Price – No comments.

Mr. Bartlett - Mr. Bartlett expressed his appreciation to the public for their input on the budget. He stated that a lot of people had spent a lot of time and effort on it. He stated that although Dr. Griffith did not get everything she wanted, in his opinion, she got a lot more than she would have gotten had she not marshalled the troops effectively, which she did. He stated that he voted against the budget because he does not agree with Amendment #1E and does not want to support something like that. Mr. Bartlett concluded his comments by stating that “you guys own the budget now, and we move forward from this point forward.” He again thanked everyone for their input and the very kind letters in a very difficult atmosphere.

Mr. Callahan - Mr. Callahan thanked the staff for doing a good job on the budget in, his opinion, a difficult year. He expressed his appreciation to everyone for showing up and thanked Superintendent Griffith for doing a great job, in his opinion, in getting us to this point. He stated that, hopefully, we have tried our best to fund the schools and always will. He stated that although tough decisions have to be made and not everyone is happy, hopefully we can still have a great relationship and keep moving forward.

Mr. Pack - Mr. Pack expressed his appreciation to Angela Lane and her staff for once again bearing through another budget season; to Mr. Hollis and his staff, and to the Office of Law for their many redrafts and for working with the Finance Office to get the wording just right; it was certainly a team effort. He thanked his colleagues for their indulgence and patience over the past couple of weeks.

Ms. Williams - Ms. Williams expressed her appreciation to Ms. Lane and her staff, the Board of Education and their staff, and the County Manager’s staff for putting in a lot of additional hours to answer Council’s questions, to see scenarios from different viewpoints, and to try to find a way that, as one of my law professors once told me, nobody likes but hopefully everybody can live with. She stated that, in her opinion, sometimes when you reach that point, it is the best point you are going to get to, and stated that hopefully that’s where we have gotten. She stated that although there are those who feel we have done too much and those who feel we haven’t done enough, as long as there are a number of people of each side, we have probably done the best we can do. Ms. Williams concluded her comments by again thanking everyone for their participation. She stated that the Council had heard from a variety of people on both sides, and we tried our best.

V. Upon motion by Mr. Callahan, seconded by Mr. Pack, the Council voted to adjourn and to reconvene on Tuesday, June 12, 2018 at 4:00 p.m.by voting 5 – 0 as follows:

- Ms. Williams – Aye
- Ms. Price – Aye
- Mr. Bartlett - Aye
- Mr. Pack – Aye
- Mr. Callahan - Aye

The meeting adjourned at 6:42 p.m.

The transcript of the May 29, 2018 County Council meeting is available for review in the Office of the County Manager during regular office hours.

VI. On Tuesday, May 29, 2018 a Closed Session of the Talbot County Council convened at 4:50 p.m. in the Bradley Meeting Room and County Council Conference Room. Upon motion by Mr. Bartlett, seconded by Ms. Price, the Council met in Closed Session by voting 5 – 0 as follows:

- Mr. Callahan – Aye
- Mr. Pack – Aye
- Ms. Price - Aye
- Ms. Williams – Aye
- Ms. Price - Aye

In accordance with General Provisions Article § 3-305(b)(1)(i) the purpose of the Closed Session was for a personnel matter to discuss filling a vacancy for the Chief Code Compliance Officer position. The Closed Session ended at 5:00 p.m.

CASH STATEMENT 5/29/2018

BALANCE 5/22/2018	\$11,257,153.98
INTEGRA CLAIMS THRU 5/21/2018	(126,527.38)
ELECTION BOARD PPE 4/24/2018	(7,139.50)
INTEGRA-REITREE HEALTH TRANSFER	(10,000.00)

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DEPOSITS

1,280,663.28

CHECKS

(627,556.00)

VOIDED CHECK(S) #324108, 324735

449.49

BALANCE 5/29/2018

11,767,043.87

AIRPORT ACCOUNTS

AIP42

0.00

AIRPORT ACCOUNTS TOTAL BALANCE

0.00

INVESTMENTS – CERTIFICATES OF DEPOSIT

CERTIFICATE DATE

MATURITY DATE

RATE

AMOUNT

PNC-MLGIP INVESTMENTS TOTAL

1.78%

18,000,000.00

1880 BANK

10,026,885.20

TOTAL INVESTED

\$28,026,885.20

PETTY CASH BALANCE

\$15,570.00

GRAND TOTAL ALL FUNDS

\$39,809,499.07