



Talbot County, Maryland



Easton, Maryland

MINUTES

April 19, 2011

Present – President Dirck K. Bartlett, Vice President Corey W. Pack, Thomas G. Duncan, R. Andrew Hollis, Laura E. Price, County Manager John C. Craig and County Attorney Michael Pullen.

- I. Agenda – Agenda of April 19, 2011 was approved upon motion by Mr. Pack, seconded by Ms. Price, with the Council voting 5 – 0 as follows:

Mr. Bartlett – Aye
Mr. Hollis – Aye
Mr. Pack – Aye
Ms. Price – Aye
Mr. Duncan – Aye

- II. Minutes – Minutes of April 12, 2011 were approved upon motion by Mr. Pack, seconded by Mr. Hollis, with the Council voting 5 – 0 as follows:

Mr. Bartlett – Aye
Mr. Hollis – Aye
Mr. Pack – Aye
Ms. Price – Aye
Mr. Duncan – Aye

- III. Disbursements – Disbursements of April 19, 2011 were approved by Mr. Pack, seconded by Ms. Price, with the Council voting 5 – 0 as follows:

Mr. Bartlett – Aye
Mr. Hollis – Aye
Mr. Pack – Aye
Ms. Price – Aye
Mr. Duncan – Aye

- IV. Presentation of Proclamation: Administrative Professionals Week – The Clerk read a proclamation into the record in recognition of Administrative Professionals Week, April 24, 2011 through April 30, 2011. The proclamation spoke of the vital role of administrative professionals in the fields of commerce, industry, government and education, and encouraged support by employers for continued training and development for administrative staff. Upon motion by Mr. Pack, seconded by Ms. Price, the Council approved the proclamation by voting 5 – 0 as follows:

Mr. Bartlett – Aye
Mr. Hollis – Aye
Mr. Pack – Aye
Ms. Price – Aye
Mr. Duncan – Aye

Ms. Price presented the Proclamation to Linda Haschen and Peggy Brittingham, representatives of the Tidewater Chapter, International Association of Administrative Professionals.

- V. Presentation of Proclamation: April as Fair Housing Month - The Clerk read a proclamation into the record in recognition of April 2011 as “Fair Housing Month” and affirming Talbot County’s commitment to fair housing. The Fair Housing Act, created as a result of Civil Rights legislation of 1968, outlaws discrimination in the sale, rental, or financing of housing on the basis of race, color, religion, sex, national origin, handicap or familial status, and guarantees the right of all Americans to dwell in the neighborhood of their choice. Upon motion by Mr. Pack, seconded by Mr. Hollis, the Council approved the Proclamation by voting 5- 0 as follows:

Mr. Bartlett – Aye
Mr. Hollis – Aye
Mr. Pack – Aye
Ms. Price – Aye
Mr. Duncan – Aye

Mr. Hollis accepted the proclamation on behalf of Austin Webster, Housing Coordinator, who was unable to be in attendance.

- VI. Introduction of Legislation:

Prior to introduction of the Budget Ordinance, County Manager John Craig highlighted several components of the proposed legislation. Mr. Craig stated that local taxes, property taxes, income taxes, and recordation and transfer taxes, account for 89% of the County’s revenue; however, Income Tax receipts have decreased \$12 million a year since 2009 and Interest Income has decreased 67%. He stated that those decreases, combined with the County’s Property Tax Cap of 2%, have necessitated the County’s use of its Fund Balance in order to balance the budget as is required under the County Charter. The FY 2012 proposed budget reflects an increase in the recordation and transfer tax rate and additional expenses related to State requirements to fund the Assessment Office (\$300,000) and County Landfill operations (\$500,000). Mr. Craig outlined various categories of the Fund Balance and the importance of maintaining a Rainy Day Fund which, in part, determines the County’s high bond rating, thus lowering the interest rate the County pays on borrowed funds. He provided details for reduced expenditures in the FY 2012 Budget proposal, including Council departmental reductions of an additional \$1.1 million (Departments had previously reduced requests by \$1 million); the removal of six vacant positions in Public Safety, the elimination of seven additional General Fund positions and one Enterprise Fund position, and the elimination of eight General Fund positions for a total reduction of 16 positions, representing 6% of County staff. Mr. Craig outlined the Board of Education portion of the County budget, stating that the County had funded the Board of Education in the sum of \$34,329,542 for FY 2011 in addition to funding \$3.5 million in debt service in FY 2011 for same. In FY 2012 the number has been reduced to \$34,203,006 due to an enrollment decline amounting to \$126,536. Mr. Craig stated that Talbot County has requested a waiver from the Maintenance of Effort (MOE) requirement to the State Board of Education in the sum of \$1.8 million, and anticipates funding \$32,403,006 or 5.61% less than was funded in the FY 2011 Budget. He explained that the County is legally obligated to fund solely the local share of the County Board of Education Foundation Program, approximately \$30.7 million; adding that the Board of Education has requested \$2.7 million over FY 2011 appropriations, \$2.8 million over the FY 2012 MOE level and \$6.3 million over the local share of the Board of Education Foundation Program. Council members then made the following comments prior to introduction of the proposed legislation:

Mr. Hollis: Mr. Hollis stated that in his opinion, he considers this a watershed time in terms of financial stability and future direction of Talbot County. He stated that it is no

longer possible to balance existing services with reduced revenue; the County must reduce its services, adding that, in his opinion, it will not stop with this budget or subsequent budgets. He stated that he and his colleagues are unanimous in their belief that there is not sufficient revenue to continue at current spending levels; the size of government must be reduced, including cuts in operating funds, and including the Board of Education, further reduction in staff, and the implementation of furloughs. He commented that the Council has tried very hard to balance the needs of its citizens with the expectation that next fiscal year and the following fiscal year will be worse than this year. He stated that the County is aware that the State will be passing down the cost of teacher retirement to the counties next year; for Talbot County that will mean approximately \$4,000,000, in additional expense, as tax revenues continue to decline or be flat. Mr. Hollis reminded everyone that Talbot County is a tax cap county and is limited as to the amount of revenue which can be raised from property taxes. He stated that, in his opinion, this year is not the year to increase the income tax rate when so many individuals are finding it more difficult to make ends meet; it is the year to spend less. He concluded his comments by stating that he looked forward to hearing the public's comments on the budget and of taking the comments into account before finalizing a balanced budget, as required.

Mr. Pack – Mr. Pack thanked Angela Lane, Jill Bemis and John Craig for their efforts, including time on Saturdays, in putting the budget together, especially in light of shrinking revenues. He commended the staff and his colleagues for their part in seeking creative ways to keep the basic services of government, including Emergency Services and Public Works, up and running. He concurred with Mr. Hollis' comment that the County is looking at some dark days ahead and that, in his opinion, the Council is trying to make decisions today so that more severe cuts won't have to be made later. He commented that this is the second time he has been a part of the budget process where positions have been eliminated; adding that it is not easy to do as basic necessities in someone's home are going to be impacted, but in his opinion, the Council made the cuts where they were needed. He continued that there would probably be those at the Board of Education who will not be pleased with cuts made by the Council to the Board of Education budget; but, in his opinion, the entire spectrum of County Government needed to be looked at to see where cuts could be made so that Talbot County will not be in the same position as some other counties which are having to make cuts to their Boards of Education by many millions of dollars. Mr. Pack reiterated that all of the Council members are strong supporters of public education, for the most part are products of public education themselves, and have had children who have gone through the public educational system and that the cuts that were made were made simply as a business decision to try to survive the trying economic times. He commended Mr. Craig for his presentation and wished everyone a Happy Passover and Happy Easter. Mr. Pack recalled his memories of William Donald Schaeffer, a Maryland political icon, who recently passed away, and commended his years of service to the State of Maryland.

Ms. Price – Ms. Price stated that the County budget process was not what she had expected it to be. She stated that when she had been running for Council, she had assumed that the local budget would include overspending, similar to the federal and State budgets; however, she had come to realize that there is little to trim from Talbot

County's budget. She stated that, in her opinion, the Council needs to be as fair as possible to all of its citizens, realizing that revenues are not going to return anytime soon and therefore the County cannot continue to deplete its Fund Balance, but must live within its means. She continued that over the past two years, \$15 million of the Fund Balance had been used to balance the budget but that times have changed, and the Council is requesting that all departments work together to meet budgetary challenges; no department can remain untouched. She stated that the Council needs to be fair to all by funding a quality education for the County's children, providing necessary emergency services, having deputies on duty to keep citizens safe, and providing reasonable health services to those citizens who cannot provide same for themselves. She emphasized that everyone needs to make sacrifices to provide for a balanced budget, and in so doing, the Council has had to make some difficult choices but believes that the proposed budget is a reasonable effort to provide fairly for all County citizens.

Mr. Duncan – Mr. Duncan stated that he appreciated the remarks of his colleagues who, in his opinion, had summed the situation up pretty well. He stated that this is not the only time that the state and the nation have been in a similar economic situation and quoted from a speech former President Dwight D. Eisenhower had given in 1961. Mr. Duncan compared President Eisenhower's speech with the situation today in which, in his opinion, local and state governments, as well as the Federal Government have lived beyond their means. He stated that governments can no longer afford to do so and must be responsible to their citizens, but we need to look beyond county government to others who are hurting, losing their jobs, and losing their homes. He advised that the County Manager had just had the unfortunate task to relay to several employees that they would no longer have jobs and commented that not only are governments reducing their number of employees, private businesses are doing so as well; one has only to look around the Town of Easton at the empty store fronts to be reminded of how difficult it is to get businesses to come here, and stay here. He agreed with his colleagues that next year won't be any better, stating that the State of Maryland still has two-thirds of its budget deficit to take care of and advised that there is a strong move to pass the cost of pensions to the counties which will result in millions of dollars of expense to the counties. Mr. Duncan concluded his comments by stating that he commended his colleagues for doing what had to be done while trying to be as reasonable as possible. Mr. Duncan indicated that he would have a more formal statement at the public hearing.

Mr. Bartlett – Mr. Bartlett stated that, in his opinion, his colleagues had done a good job of explaining the budget situation and Mr. Craig had done a good job of comparing the numbers of this budget to budgets of the past several years. He stated that the County is in the process of re-shaping County Government and that it is not a happy time. He thanked the staff of the Finance Department for the information they had provided, and he thanked the County Attorney for his assistance during the budget process. He expressed his belief that Talbot County has a lot of prosperous years ahead and that it, in his opinion, it has some great assets to help weather the downturns in the economy. He commended County staff for doing an excellent job of running things as efficiently as they can under difficult circumstances, but the County must adjust to the reality of the revenue it has and make sacrifices now so that when the Federal Government and the State pass expenses to the counties, we will be better prepared. Mr. Bartlett stated that he

looked forward to the public hearing process and thanked his colleagues for all their hard work during the budget process.

AN ACT TO ESTABLISH THE 2011-2012 ANNUAL BUDGET AND APPROPRIATION ORDINANCE was introduced by Mr. Bartlett, Mr. Duncan, Mr. Hollis, Mr. Pack, and Ms. Price as Bill No. 1203. A public hearing was scheduled for Tuesday, May 3, 2011 at 2:00 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland, and at 7:00 p.m. in the Easton High School Cafeteria, 723 Mecklenburg Avenue, Easton, Maryland.

VII. County Manager's Report:

There was no County Manger's Report.

VIII. Council Comments:

Mr. Duncan – Mr. Duncan stated that he was happy to report that Mr. Bartlett had received correspondence from Neil Pedersen, Administrator, Maryland State Highway Administration, informing the County that the State would be granting the County's request to remove the electronic messaging sign on Rt. 50. Mr. Duncan expressed his gratitude to Mr. Pedersen and the State Highway Administration and asked that a letter of thanks be forwarded to Mr. Petersen. Following Mr. Bartlett's comments, Mr. Duncan commended the staff for their hard work and dedication during the budget process.

Mr. Price - Ms. Price thanked the staff, particularly Finance Director, Angela Lane, for their patience and time helping her to understand the budget.

Mr. Hollis - Mr. Hollis expressed his thanks to the staff for their outstanding work on the budget.

Mr. Pack - Mr. Pack reiterated his earlier comments thanking the staff for a job well done on the budget.

Mr. Bartlett - Mr. Bartlett stated that he and Ms. Price had attended the ribbon-cutting ceremony for the rock climbing wall and other new facilities at the Y.M.C.A. of Talbot County, including a music studio, full culinary kitchen, and recording studio. He stated that it's easy to be depressed about what's happening financially until one thinks about the \$5 million raised for the Y.M.C.A. addition project as part of its mission to offer expanded educational and leisure opportunities to the community, particularly the underprivileged community. Mr. Bartlett commended Robbie Gill, CEO, the Y.M.C.A. staff, fundraisers and volunteers who contributed to promoting the addition.

IX. Cancellation of April 26, 2011 Council Meeting:

Mr. Bartlett announced that there will be no Council meeting held on Tuesday, April 26, 2011.

X. Upon motion by Mr. Pack, seconded by Mr. Duncan, the Council voted to adjourn and to reconvene in Executive Session on Tuesday, May 3, 2011 at 12:30 p.m. for discussion of legal, personnel, and real estate matters and for the regularly scheduled meeting at 1:30 p.m. by voting 5 – 0 as follows:

Mr. Bartlett – Aye
 Mr. Hollis – Aye
 Mr. Pack – Aye
 Ms. Price – Aye
 Mr. Duncan – Aye

The meeting adjourned at 6:58 p.m.

XI. On Tuesday, April 19, 2011 the Talbot County Council did not hold an Executive Session.

The transcript of the April 19, 2011 County Council meeting is available for review in the Office of the County Manager during regular office hours.

CASH STATEMENT 4/19/2011

BALANCE 4/12/2011			\$6,170,702.91
STATE REPORT 3/2011			(158,855.49)
UHC CLAIMS THRU 4/12/2011			(41,787.50)
MLGIP INTEREST ON ACCT 3/2011			411.45
GLEBE ROAD PROJECT/NEEDWOOD FARMS			(36,620.60)
TRANSFER REIMB SPOT FR AIP355			60,966.00
TRANSFER REIMB SPOT FR AIP36			29,361.00
PAYROLL – FD/SS/MS WH 4/15/2011			(101,061.58)
SECU DED			(9,020.10)
DEFERRED COMP DED			(11,464.61)
MH WH			(27,919.99)
PENSION DED			(20,968.48)
ACH TRANSFER			(10,828.00)
FLEX SPENDING ACCT			(2,260.21)
DEPOSITS			439,610.63
CHECKS			(934,967.03)
VOID CHECK NO. 267901, 268006, 268007			9,830.79
BALANCE 4/19/2011			<u>5,355,129.19</u>
<u>AIRPORT ACCOUNTS</u>			
AIP29			19,528.29
AIP30			202.57
NEW AIP-RUNWAY 4-22 EXTENSION ANALYSIS			--
AIP34			16,346.21
AIP-35	BALANCE 4/12/2011	\$ 43,069.65	
	DEPOSITS	63,882.00	
	TRANS TO GEN FUND	(60,966.00)	45,985.65
AIP36	BALANCE 4/12/2011	8,523.01	
	DEPOSITS	31,829.00	

	TRANS TO GEN FUND	(29,361.00)	10,991.01
AIP37	BALANCE 4/12/2011	204.90	
	DEPOSITS	13,290.00	
	CHECKS	(9,890.44)	3,604.46

AIRPORT ACCOUNTS TOTAL BALANCE **\$96,658.19**

INVESTMENTS – CERTIFICATES OF DEPOSIT

<u>CERTIFICATE DATE</u>	<u>MATURITY DATE</u>	<u>RATE</u>	<u>AMOUNT</u>
07/13/2010	04/26/11	0.61%	5,000,000.00
07/27/2010	04/26/11	0.36%	3,000,000.00
02/18/2011	05/27/11	0.21%	2,000,000.00
08/31/2010	05/31/11	0.37%	4,000,000.00
09/14/2010	06/14/11	0.37%	3,000,000.00
03/15/2011	06/14/11	0.26%	3,000,000.00
03/29/2011	06/28/11	0.16%	1,500,000.00
07/27/2010	07/26/11	0.51%	6,000,000.00
08/11/2010	08/09/11	0.52%	4,000,000.00
08/31/2010	08/30/11	0.56%	4,000,000.00
09/28/2010	09/27/11	0.57%	5,000,000.00
02/18/2011	12/20/11	0.56%	3,000,000.00
PNC-MLGIP INVESTMENTS TOTAL		0.15%	3,000,000.00

TOTAL INVESTED **\$46,500,000.00**

PETTY CASH BALANCE **\$6,800.00**

GRAND TOTAL ALL FUNDS **\$51,958,587.38**