



TALBOT COUNTY, MARYLAND

County Council

MINUTES

April 15, 2025

SPECIAL LEGISLATIVE DAY

Present – President Chuck Callahan, Vice President Pete Leshner, Keasha N. Haythe, Lynn L. Mielke, Dave Stepp, County Manager Clay Stamp, and County Attorney, Patrick Thomas.

- I. Agenda – The Agenda of Tuesday, April 15, 2025, was brought forward for approval. Ms. Mielke made a motion to amend the agenda to move the presentation of the proclamation, *Two Lights for Tomorrow* until after the public hearing; Mr. Leshner seconded the motion and the Council approved the Agenda, as amended, by voting 5 – 0 as follows:

Mr. Callahan – Aye
Mr. Stepp – Aye
Mr. Leshner – Aye
Ms. Mielke – Aye
Ms. Haythe - Aye

- II. Disbursements – Mr. Callahan requested and received unanimous consent for approval of the Disbursements of Tuesday, April 15, 2025.

- III. Introduction of Legislation:

AN ACT TO ESTABLISH THE 2025-2026 ANNUAL BUDGET AND APPROPRIATION ORDINANCE was read into the record and brought forward for introduction. Prior to introduction, County Manager, Clay Stamp, utilized a PowerPoint presentation to outline the factors taken into consideration in developing the proposed FY26 budget. He stated that over the past several years, the County has been working to build a Reserve Fund while continuing to conservatively budget, has put a reserve policy in place which specifies use of the reserve funding to prepare for fiscal uncertainties as policy shifts take place at the federal level, new funding obligations from the State, and challenges related to supply chains and workforce competition. Mr. Stamp stated that the Council has also worked hard over the last several years to provide compensation and auxiliary retirement plan benefits to the County's Public Safety employees in order to remain competitive with surrounding jurisdictions. He stated that the FY26 budget being introduced is basically at the same level as the FY25 budget; there are no new positions in the General Fund, and the number of new Capital Improvement Projects has been reduced. He stated that the County is focusing on projects already underway including the Public Safety Complex, expansion and renovation of the St. Michaels Library and the Chapel District Elementary School, and construction of the EMS North Station. Mr. Stamp concluded his presentation by stating that the County continues to focus on Personnel, Processes and Projects. Martha Sparks, Finance Director, utilized the PowerPoint presentation to outline various facets of the balanced proposed FY26 Budget which totals \$161,052,000. She stated that the proposed FY26 Budget continues the County's conservative budgeting practices which have placed the County in a healthy financial position. She stated that the FY25 General Funds Revenues are anticipated to exceed budgeted projections by approximately \$8 million, a sum which is primarily attributed to Income Tax revenues but also reminded everyone that Income Tax revenues are the County's

most volatile source of revenue and outlined the reasons for the volatility. She stated that FY25 General Fund Expenditures are anticipated to be approximately \$2 million less than budgeted; she then outlined several accomplishments utilizing FY25 funding, including, among others, upgrades to network connectivity and IT services, paving of main connector roadways, construction and renovation of the St. Michaels Library and Chapel District Elementary School, the lease of new Motorola 9-1-1 consoles for the new Public Safety Complex on Marys Court while continuing to maintain the Port Street location to provide redundancy for emergency response. She reiterated Mr. Stamp's statement regarding reserve funding and stated that the new reserve policies approved by the Council provide funding and risk mitigation strategies which were used in drafting the FY26 proposed budget by shifting budget projections for Income Tax, Recordation and Transfer Tax revenues to be in line with the amount expected to be received based on historical performance. Ms. Sparks stated that the proposed FY26 Budget prioritizes investments in infrastructure and includes Property Tax revenues of two percent (2%) over FY25 revenues as permitted in the County Charter, and an additional one cent (\$.01) to the Property Tax rate as approved by Talbot County voters in November 2020 and November 2024 which are to be used for Public Safety. She stated that on the Expenditure side, the proposed FY26 Budget includes the required local funding share for Talbot County Public Schools in the sum of \$55.1 million, plus an additional \$260,500 for capital projects; the appropriation to, and debt service for, Talbot County Public Schools is 43% of the FY26 operating budget. Ms. Sparks stated that the FY26 proposed budget includes a 2.5% Cost of Living Adjustment (COLA) and one (1) performance-based step for County employees; no new general government positions are included in the proposed budget. She stated that Fund Balance reserve will be used as follows: \$3.84 million for Capital Outlay (equipment) purchases; \$13.7 million for Capital Projects; and \$1.7 million for Recreation Fund Capital Projects. She stated that Income Tax revenues, before transfers, are anticipated to increase by 10.6%; General Fund Expenditures are anticipated to increase by 6.3%. Ms. Sparks presented graphs depicting the various sources from which General Fund Revenues are derived as well as the various sectors of County government to which General Fund Expenditures are designated. Ms. Sparks stated that an amendment will need to be made to the proposed budget due to mandates from the State which have been passed down to the counties beginning in FY26, including teachers' pensions and community college pensions in the sums of \$440,098 and \$12,858, respectively. She then outlined the importance of including the teachers' pensions in the Education Supplement. She stated that if the Education Supplement is not used, funding for the teachers' pensions will need to be provided by the funding utilized for general government expenditures; she also emphasized that reserve funding cannot be used for recurring expenditures. Ms. Sparks provided a history of Property Tax rates for the previous seven (7) years, stating that the FY25 Property Tax rate was \$0.7910 (per \$100 of assessed valuation) for county properties outside the incorporated municipalities; the FY26 Property Tax rate is \$0.7926 (per \$100 of assessed valuation) for county properties outside the incorporated municipalities, but does not include an Education Supplement at the present time; she then provided an illustration showing an increase in Property Tax of \$4.80 for a home assessed at \$300,000; should the Education Supplement be added, the FY26 Property Tax rate would be \$0.7971 (per \$100 of assessed valuation) and the increase in Property Tax for the same home would be \$13.50. Talbot County continues to have the lowest Property Tax rate in the state and the second lowest Income Tax rate in the state. Ms. Sparks concluded her presentation by quoting statements made by bond rating agencies, Fitch Ratings, dated August 23, 2024: *"Talbot County's financial resilience is driven by the combination of its 'High' revenue control assessment and 'High' expenditure control assessment, culminating in an 'Ample' budgetary flexibility assessment."* Fitch affirmed the ratings of the County at 'AAA' and Moody's Investors Service dated September 14, 2022: *"Financially, the county is very strong and the management team is generally conservative in its budgeting."*

The legislation was introduced by Mr. Callahan, Ms. Haythe, Mr. Leshner, Ms. Mielke, and Mr. Stepp as Bill No. 1585. Public hearings were scheduled for Tuesday, May 6, 2025, at 2:00 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street,

Easton, and at 7:00 p.m. in the Easton High School Cafeteria located at 723 Mecklenburg Avenue, Easton, Maryland 21601. The FY2025-2026 County budget, as introduced, is available on the County website at https://www.talbotcountymd.gov/pending_legislation. Individuals may submit written comments on the FY26 proposed budget by Friday, May 2, 2025, to PublicComment@talbotcountymd.gov.

IV. Public Hearing:

AMENDMENT TO THE 2020 MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FEDERAL CARES ACT – COVID FUNDING FOR HOMELESS SHELTERS AND FOOD PROGRAMS – Mary Kay Verdery, Talbot County Grants Administrator, stated that in 2020, Talbot County received \$250,000 in federal CARES (Coronavirus Aid, Relief and Economic Security) Act COVID funding through the Department of Housing and Community Development Community Block Grant Program to support St. Michaels Community Center and the Upper Shore Aging food programs. She stated that the County had recently been notified that the Department of Housing and Community Development has approximately \$2 million remaining to distribute under the grant and is available on a first-come, first-serve basis to support COVID preparedness for homeless shelters and food program facilities. Ms. Verdery stated that her office had reached out to food pantries and homeless shelters in the county and had received three (3) letters of interest from: Talbot Interfaith Shelter requesting two (2) lift elevators; the Neighborhood Service Center for shelving, a food lift gate, an HVAC unit and food pantry staff; and St. Michaels Community Center for food, supplies, shelving, and staffing. Ms. Verdery stated that the request from Talbot Interfaith Shelter was determined to be a better fit for another grant program. She requested Council consideration for an amendment to the previous grant agreement for the Neighborhood Service Center and St. Michaels Community Center in the sum of \$117,000. Members of the public were afforded an opportunity to comment on the proposed amendment. Upon motion by Ms. Haythe, seconded by Mr. Leshner, the Council approved the request by voting 5 – 0 as follows:

Mr. Callahan – Aye
Mr. Stepp – Aye
Mr. Leshner – Aye
Ms. Mielke – Aye
Ms. Haythe - Aye

- V. Proclamation: April 18, 2025 – “Two Lights for Tomorrow” – The Clerk read a proclamation into the record which commemorates the 250th anniversary of the founding of our nation and its founding principles, specifically, the significant events of April 18, 1775, when Paul Revere, William Dawes and others risked their lives to ride throughout the countryside of Massachusetts warning their fellow citizens about the approach of British troops by a prearranged lantern signal in Boston’s Old North Church - “*One if by land, two if by sea*”. The Battles of Lexington and Concord and the Revolutionary War followed, resulting in the establishment of the United States of America. The proclamation encouraged communities to display two lights on the night of April 18, 2025, to symbolize the start of America’s journey for independence and reminding everyone that the call for unity and service remains as vital today as it was in 1775. Upon motion by Mr. Stepp, seconded by Mr. Leshner, the Council approved the proclamation by voting 5 – 0 as follows:

Mr. Callahan – Aye
Mr. Stepp – Aye

Mr. Leshner – Aye
Ms. Mielke – Aye
Ms. Haythe – Aye

Sarah Kilmon, Talbot County Communications Manager, and Administrator of the Talbot250 Commission, introduced Michelle Johnson, Director of the MD250 Commission, who expressed her appreciation to Talbot County for participating in the upcoming 250th anniversary of the founding of our nation. She stated that Mr. Leshner serves on the MD250 Commission. Ms. Kilmon briefed the Council on the impetus for the proclamation throughout the nation and its mission to not only reflect on history but our shared values of unity, service and hope for a better future. Ms. Kilmon stated that the first meeting of the Talbot250 Commission will be held on Monday, April 21, 2025, at 5:00 p.m. in the Courthouse Conference Room; the meeting is open to the public. Council discussion ensued with Ms. Kilmon and Ms. Johnson.

VI. Public Comments: Members of the public were provided an opportunity to comment on matters of interest to them.

VII. Council Comments:

Mr. Stepp - Mr. Stepp stated that his thoughts and prayers are with the Musterman family. He stated that he concurred with the comments made during the Public Comments segment of the meeting by Martha Sparks, Talbot County Finance Director, who spoke about the impact of Corporal Robert “Bob” Musterman who was in charge of Courthouse security and who recently passed away suddenly.

Mr. Leshner - Mr. Leshner expressed his appreciation to Ms. Sparks for, in his opinion, her touching tribute to Deputy Musterman.

Ms. Mielke - Ms. Mielke stated “God rest his soul.”

Ms. Haythe - Ms. Haythe concurred with the comments of her colleagues.


Mr. Callahan - Mr. Callahan offered thoughts and prayers to the Musterman family and to the entire Sheriff’s Department.

Upon motion by Ms. Haythe, seconded by Mr. Stepp, the Council voted to adjourn and to reconvene on Wednesday, April 16, 2025, at 6:00 p.m. at Chesapeake College to review the College’s FY26 Budget; and to reconvene on Tuesday, April 22, 2025, at 3:30 p.m. in Open Session and to adjourn into Closed Session as listed on the statement for closing that meeting, then for the regularly scheduled meeting at 5:00 p.m. by voting 5 – 0 as follows:

Mr. Callahan – Aye
Mr. Stepp – Aye
Mr. Leshner – Aye
Ms. Mielke – Aye
Ms. Haythe - Aye

The meeting adjourned at 5:50 p.m.

The transcript of the April 15, 2025, County Council meeting is available for review in the Office of the Talbot County Manager during regular office hours.

		TALBOT COUNTY, MARYLAND WEEKLY CASH STATEMENT 4/15/2025	
OPERATING FUNDS - SHORE UNITED BANK			
OPERATING FUNDS AT		4/8/2025	\$ 20,588,827.16
Deposits			868,570.79
Checks			(426,880.69)
ACH Disbursements			(1,519,436.69)
EFT's			(225,945.32)
Wire Transfers			(5,308,893.61)
Voided Check			476.96
OPERATING FUNDS AT		4/15/2025	\$ 13,976,718.60
PETTY CASH FUNDS			\$ 18,105.00
INVESTMENT FUNDS			
		<u>Yield</u>	
Maryland Local Government Investment Pool (MLGIP)		4.25%	\$ 23,076,011.37
Bayvanguard Bank		4.15%	\$ 11,140,527.94
Shore United Money Market Account		4.33%	\$ 81,918,266.73
INVESTMENT FUNDS TOTAL			\$ 116,152,911.04
<u>TOTAL ALL CASH AND INVESTMENTS</u>			<u>\$ 130,129,629.64</u>