

Minutes of the County Commissioners of Worcester County, Maryland

November 18, 2008

Virgil L. Shockley, President
Louise L. Gulyas, Vice President
Judith O. Boggs
Linda C. Busick
James C. Church
Robert L. Cowger, Jr.
James L. Purnell, Jr.

Following a motion by Commissioner Gulyas, seconded by Commissioner Purnell, the Commissioners unanimously voted to meet in closed session at 9:00 a.m. in the Commissioners' Conference Room to discuss legal and personnel matters permitted under the provisions of Section 10-508(a)(1), (7) and (8) of the State Government Article of the Annotated Code of Maryland and to perform executive actions. Also present at the closed session were Gerald T. Mason, Chief Administrative Officer; Kelly Shannahan, Assistant Chief Administrative Officer; Sonny Bloxom, County Attorney; Kim Moses, Public Information Officer; George Bradley, Director of Human Resources; Sharon Reilly, Director of Recreation and Parks; and Bill Rodriguez, Parks Superintendent. Topics discussed and actions taken included: appointing Doris Hart to the Commission on Aging Board of Directors; reviewing potential and pending litigation; receiving legal advice from counsel; and performing executive actions.

After the closed session, the Commissioners reconvened in open session. Commissioner Shockley called the meeting to order and announced the topics discussed during the morning closed session.

The Commissioners reviewed and approved the minutes of their November 5, 2008 meeting, as presented.

The Commissioners presented a proclamation to Michael Dyer, Executive Director of the Local Management Board, recognizing the week of Thanksgiving, November 23-29, 2008, as National Family Week and urged all citizens to join together in honoring and protecting the institution at the heart of life in America, the family, and to recognize the special connections that support and strengthen families year-round.

The Commissioners presented a retirement commendation to Deputy First Class James Stant, Jr. and thanked him for all that he has accomplished in helping the Worcester County Sheriff's Office to fulfill its mission to protect and serve the community.

The Commissioners met with Dr. Jon Andes, Superintendent of Schools, Board of Education (BOE) and President Garry Mumford to review and discuss the BOE's proposed FY2010 Public School Construction and Capital Improvement Plan (CIP). Also

present at the meeting were BOE Vice President Bob Hulburd and members Jonathan Cook, Douglas Dryden, Bob Rothermel, Donnie Shockley and Sara Thompson, and BOE Assistant Superintendent for Administration Ed Barber, Assistant Superintendent for Instruction Dr. Richard Walker, Chief Financial Officer Vince Tolbert, and Facilities Manager Joe Price. Mr. Mumford advised that the BOE had received approval for the remaining \$403,000 in eligible State Construction Funds for a total of \$7,229,000 in State funding for the Pocomoke High (PHS) addition and renovation project. He thanked the Commissioners for their support of education and also thanked them in advance for their support of the CIP. Dr. Andes explained that the proposed CIP had been developed in accordance with Maryland Interagency Committee for Public School Construction (IAC) guidelines and is consistent with prior discussions between the Commissioners and BOE and incorporates the recommendations of the County Commissioners regarding future school construction needs in Worcester County. These projects include the following: renovations and additions to Snow Hill High School (SHHS) in the fall of 2012 (FY13) at an anticipated cost of \$56,128,000; replacement of or renovations and additions to Showell Elementary School (SES) in the fall of 2013 (FY14) at an anticipated cost of \$52,364,000; Stephen Decatur Middle School (SDMS) addition in 2016 at an estimated cost of \$9,723,000; and architectural/engineering feasibility studies for Berlin Intermediate School (BIS), Pocomoke Middle School (PMS) and Snow Hill Middle School (SHMS) in 2016 to determine future planning and funding request priorities. Dr. Andes explained that the BOE is required to submit the plan to the Maryland Interagency Committee for Public School Construction (IAC) with Commissioner approval by 4 p.m. on December 1, 2008, and therefore asked that the Commissioners approve the proposed CIP as a planning document, with individual project approval contingent on the availability of funds.

Chief Administrative Gerald T. Mason advised that the County's CIP, which was compiled in August 2008 and scheduled for a public hearing later that day, had recently been revised to reflect a more accurate economic picture. He explained that the SES and SDMS construction projects were among the many projects that had been pushed back, with the SES project now scheduled for FY15 and SDMS project scheduled for FY17. Mr. Mason then stated that the cost of these three proposed school construction projects are not the same in both the County's and BOE's CIPs, with the County's projected costs as follows: \$45,778,000 for SHHS; \$24,743,000 for SES; and \$25,314,000 for SDMS. Mr. Mason advised that his greatest concern was not the cost discrepancies but rather the differences in the project timetables. He concluded that the BOE CIP and the County CIP should match. In response to question from the Commissioners, Dr. Andes explained that the increased inflationary figure for the SHHS project was based on historical data. Commissioner Boggs pointed out that everyone recognizes that the 5% inflationary cost represents only a "best guess" estimate, and explained that her primary concern was that the two CIPs reflect the same construction schedule for future projects. Commissioner Gulyas concurred. In response to comments by Commissioner Gulyas, Dr. Andes stated that the SES project is their highest priority project following completion of the SHHS project, advising that the entire second grade is housed within nine portable classrooms and school construction plans include providing space for fourth grade students in order to address overcrowding at BIS. In response to comments by Dr. Andes, Commissioner Gulyas explained

that the County supports each of the proposed projects, and in times of plenty the County has always “shared the wealth.” However, due to projected flat revenues, increased debt and added expenses along with expected State cuts, some projects must be delayed. Commissioner Church concurred, advising that the current economic picture throughout most of the nation is cause for concern and the Commissioners must take preventative measures to protect the County’s interests. Commissioner Cowger advised that these projects could be moved forward if the economic picture changes. Commissioner Purnell advised that in the past the Commissioners have been very generous to County agencies and departments, but now they would all have to work together to tighten their belts. Upon a motion by Commissioner Gulyas, the Commissioners voted unanimously to approve the BOE’s CIP subject to corrections to reflect the proposed project delays as included in the County CIP and the cost estimates reflected in the BOE CIP. Dr. Andes advised that the BOE recognizes that the County is facing tough economic times and would work together with the Commissioners. In closing, he informed the Commissioners that the new Worcester Technical High School (WTHS) opened for students on November 5, 2008, and thanked them for their support of this project.

The Commissioners held a public hearing on the requested Ten-Year Capital Improvement Plan (CIP) for FY2010 through FY2019. Budget Officer Kathy Whited, met with the Commissioners to review the requested CIP. Mr. Mason informed the Commissioners and the public that the CIP is strictly a planning document the County will use in preparing future operating budgets, anticipating the future financial needs of the County and to identify possible funding resources; therefore, a project’s inclusion in the CIP does not constitute a guarantee of funding from the County. He stated that the CIP is like a wish list and that the Commissioners had recently agreed to push back a number of large projects in the current version of the CIP. Therefore, he asked the Commissioners to postpone taking any final action until the revised CIP could be presented to them. Ms. Whited added that the CIP was originally prepared on September 16, 2008 and indicates projects totaling \$335,084,083 over the ten-year period. Of these projects, \$13,702,142 or 4.0% is proposed to be paid by the General Fund and \$193,580,814 or 57.7% is proposed to be paid with bond funds. The remaining funding would come from user fees, grant funds, state matching funds, state loans or enterprise fund bonds. Ms. Whited reviewed the current plan and proposed sources of funding. Afterward, Mr. Mason reiterated that many of these projects have no source of funding and should be pushed back, which will result in a dramatically different CIP than the one which is before them today. In response to a question by Commissioner Shockley, Mr. Mason explained that the SES waterline project is not included in the draft CIP but would be added. He stated that engineering studies for this project have already begun.

Commissioner Shockley opened the floor to receive public comments.

Ed Barber, Assistant Superintendent for Administration with the BOE, asked for clarification that the County CIP would reflect the schedule proposed by the Commissioners and the cost estimates proposed by the BOE.

Mark Rudnick, Vice President of Administrative Services at Wor-Wic Community College (WWCC), thanked the Commissioners for the County’s contribution toward construction of the new Allied Health Building at WWCC.

Ellie Diegelman of Ocean City, asked the Commissioners to approve projects in the CIP based strictly upon their ability to secure performance commitments and maintain a low debt capacity. In response to Ms. Diegelman, Mr. Mason explained that many of the projects in the CIP before them today will likely be pushed back due to funding constraints.

Garry Weber of Snow Hill Area for Responsible Progress (SHARP) thanked the Commissioners for approving funding for general maintenance and revitalization of the Oscar Purnell House, the former office of the Commission on Aging in Snow Hill.

There being no further public comment, Commissioner Shockley closed the public hearing.

Following much discussion, the Commissioners directed staff to amend the CIP to reflect the revised scheduling of projects for their review and consideration.

Pursuant to the recommendation of Budget Accountant Kim Johnson and upon a motion by Commissioner Purnell, the Commissioners unanimously authorized Commission President Shockley to sign the Emergency Shelter Grant (ESG) agreement from the Maryland Department of Housing and Community Development (DHCD) to provide funding in the amount of \$30,479 annually for FY09 to help support emergency shelter programs as follows: \$13,600 to Diakonia; \$3,300 to the Samaritan Shelter, and \$13,579 to the Department of Social Services. In response to a question by Commissioner Boggs, Ms. Johnson advised that the grant had been reduced from \$46,000 in the prior year.

Health Officer Debbie Goeller met with the Commissioners to review proposed increases to Environmental Health program fees, noting that the existing fees have not been adjusted since 2005 and do not cover current inspection and licensing costs. Following some discussion and upon a motion by Commissioner Gulyas, the Commissioners unanimously adopted Resolution No. 08-33 amending Health Department Environmental Fees effective January 1, 2009.

Public Works Deputy Director John Ross updated the Commissioners on the success of the annual Household Hazardous Waste (HHW) and Electronics Recycling Collection Day on Saturday, November 1, 2008 at the Ocean Pines Public Works Department. He advised that even though there was inclement weather throughout the event, it was by far the most successful event since the program's inception. He advised that 519 vehicles participated throughout the day, with Worcester County collecting 7,600 pounds of HHW and 9,600 pounds of electronic items. In response to a question by Commissioner Busick, Mr. Ross advised that electronic items can be dropped off throughout the year at the transfer stations and the County Landfill for recycling, though HHW can only be dropped off during the recycling events.

Pursuant to the request of Mr. Ross and upon a motion by Commissioner Gulyas, the Commissioners unanimously authorized Commission President Shockley to sign the Intergovernmental Agreement between Maryland Environmental Service (MES) and Worcester County for the Citizen Scrap Tire Drop-Off Day project at an as yet to be determined date in spring 2009 at the Worcester County Central Landfill. Mr. Ross advised that the event is not open to any area businesses or for commercial tires. In

response to a question by Commissioner Shockley, Mr. Ross advised that the annual program is funded by the State, and citizens must pay to drop off tires at any other time throughout the year to cover the County's cost to dispose of these items. Commissioner Shockley recommended that tires be accepted free of charge at the Landfill throughout the year to prevent disposal along County and State roads.

Pursuant to the written request of Mr. Tustin and upon a motion by Commissioner Boggs, the Commissioners unanimously agreed to schedule a public hearing on January 6, 2009 to receive public comment on the proposal to add the following public roads in Phase I of the Bayside Landings development into the Inventory of Public Roads of Worcester County: Landings Boulevard; Ocean Vista Drive; Wildlife Drive; South Park Drive; Habitat Court; Hidden Bay Drive; Coastal Marsh Drive; North Park Drive, and Bayscape Drive.

The Commissioners reviewed the Planning Commission's findings on a Comprehensive Water and Sewerage Plan amendment prepared by County staff to implement the Comprehensive Plan's policy recommendation stating, "Nutrient reduction technologies should be applied to on-site septic systems," for the purpose of creating a requirement for biological nutrient removal technology to be applied to new septic systems within the Atlantic Coastal Bays and Chesapeake Bay Critical Area. Upon a motion by Commissioner Boggs, the Commissioners agreed to schedule a public hearing on the proposed amendment to the Water and Sewerage Plan on December 16, 2008.

The Commissioners reviewed the Planning Commission's findings on a Comprehensive Water and Sewerage Plan amendment application to expand the existing Assateague Island National Seashore (ASIS) Wastewater Treatment Plant (WWTP) and for land application of effluent and to request the County Commissioners hold a public hearing and take action on this proposal. The applicant proposes to modify the plant itself to reduce nutrient concentrations in the effluent; upgrade the current sequencing batch reactor to a membrane bio-reactor system with a maximum flow of 20,000 gallons per day (gpd) to serve 66 equivalent dwelling units at 300 gpd per EDU; and eliminate the discharge to the Sinepuxent Bay and instead direct effluent into an adjacent created wastewater treatment wetland owned by the Maryland Department of Natural Resources (DNR). Upon a motion by Commissioner Boggs, the Commissioners agreed to schedule a public hearing on the proposed amendment to the Water and Sewerage Plan to expand the ASIS WWTP on December 16, 2008.

Mr. Mason advised that the Moody's and Fitch rating agencies recently assigned and reaffirmed the County's Aa3 and AA- ratings, citing the County's sound financial flexibility and financial performance as the reasons for issuing these ratings.

The Commissioners recessed until 11:30 a.m.

The Commissioners met with Finance Officer Harold Higgins and Sam Ketterman, Financial Advisor with Davenport & Company, to review the Bond Resolution and arrangements for the Sale of the Consolidated Public Improvement Project and Refunding Bonds - 2008 Series in the amount of \$35,000,000 to cover the cost of the Pocomoke High School addition and renovation project. Following some discussion and upon a motion by Commissioner Gulyas, the Commissioners unanimously adopted Resolution No. 08-34, accepting the low bid of 3.992% submitted by UBS Financial Services, Inc. Mr. Higgins advised that the interest rates offered to the County today were lower than those offered to AAA municipal bonds for Carroll County. In response to a question by County Attorney Sonny Bloxom, Mr. Higgins advised that by delaying the prior bond sale for just one month, the County was able to save an estimated \$88,000 annually in interest charges over the 15-year loan period, as the prior anticipated interest rate was 4.4% in October.

Commissioner Shockley announced that on Monday, November 10, 2008, he was elected the first Chair of the Maryland Broadband Cooperative (MdBC). He advised that the project to extend high speed internet service throughout the State and specifically to the Eastern Shore is nearly complete and will provide the infrastructure needed to attract viable businesses to the area. He advised that even though the financial picture is grim at the moment, broadband internet service is part of a brighter tomorrow for the area.

The Commissioners answered questions from the press, after which they adjourned to meet for lunch with the Board of Education.

The Commissioners met with Board of Education (BOE) President Garry Mumford, Vice President Bob Hulburd, Jonathan Cook, J. Douglas Dryden, Bob Rothermel, Donnie Shockley and Sara Thompson, Superintendent of Schools Dr. Jon Andes and various BOE staff members to discuss preemptive steps the Commissioners will take in the FY2009/2010 budget. Commissioner Shockley thanked everyone for coming and explained that County revenues for FY 2009/2010 appear to be flat and expenses continue to escalate. He stated that these increases include an additional debt payment of over \$3.2 million for Pocomoke High School, which leaves the County with very little new money for the new fiscal budget that will be approved in June 2009. He advised that though the County is faced with flat revenues at this time, the Commissioners have reiterated their position that they will not consider raising the tax rate and will advise all Worcester County departments and agencies to take the following actions when preparing their FY 2009/2010 Budget requests: no new positions with a continued hiring freeze; no step salary increases; no cost of living allowance increases; the 2009/2010 Requested Budget should not exceed 97% of the current County funding (which equals a 3% cut from the existing budget). He advised that the Commissioners regret that this action must be taken, but feel that they are left with no alternative in light of current cuts from the State, cuts that may come in the next session of the General Assembly; the County's projected flat revenues as compared to prior years; added expenses; and additional debt payment. He stated that the Commissioners' position is that it is essential to be proactive to address these difficult economic times, and they need the cooperation of each Worcester County

department and agency to help them accomplish this goal. He concluded that the Commissioners are hopeful that by taking this action early they may be able to avoid any future layoffs or furloughs of employees.

Commissioner Boggs stated that everyone is worried about the current economic picture throughout the Country, and the Commissioners wish to communicate the message that they are tightening their belts. She advised that this plan prepares for the worst, but in the event that the worst does not occur they would be happy to revisit these cuts.

Commissioner Purnell stated that he served as a Commissioner in 1991 when the County was left with no option other than to furlough employees. He advised that he supports education, and in the past the Commissioners have been extremely generous to the BOE. However, tight times lie ahead and the BOE and County must work together to get through the crisis. He stated that it is his hope that employees will remember the County's past generosity and be able to support the tough decisions they have to make for the future.

Commissioner Gulyas stated that today's decision should be seen as good news for residents because the County is committed to holding the line on spending and taxes. She stated it is her hope that teachers will understand, particularly since a quality education is vital in helping today's students become successful in the world around them.

Commissioner Cowger advised that the current economic picture, though unfortunate, is the reality that everyone must face. He advised that as a private businessman, he has been faced with laying off employees before Christmas, something he's never had to do until now. He stated that the County must make cuts as well.

Commissioner Church stated that his support of education goes without question, but the revenues that many of the County departments and agencies have become accustomed to receiving just aren't there this year and likely won't be next year or the year after. He stated that many area businesses once considered sound are now filing for bankruptcy. He stated that the Commissioners must run the County like a business, which must be done to maintain the confidence of area residents. He advised that if the financial outlook changes he will be the first to revisit the cuts they are now requiring.

Commissioner Busick advised that the County and BOE must work as a team to address the changes that need to be made.

County Attorney Sonny Bloxom stated that he was a Commissioner in 1991 when the County furloughed employees for 14 days. He advised that it was a tough thing to do, but the Commissioners promised that the employees would be repaid for the loss if possible. He advised that the Commissioners made good on that promise three years later.

Mr. Mumford advised that everyone understands that these are tough economic times, and the BOE is willing to do what needs to be done to get through this period. He advised that the BOE wants to continue to have a strong working relationship with the County and appreciated the Commissioners taking the time to meet with them personally to advise them of what may lie ahead. He concluded that the BOE would help out by tightening its belt as well.

Mr. Hulburd advised that the financial message is one that no one wants to hear but one that must be delivered. He stated that the County and BOE need one another, and the BOE would work to tighten its budget to support the Commissioners' request.

Dr. Andes stated that a 3% budget reduction, equaling a \$2.1 million cut in funding, would drastically affect the BOE, and stated his hope would be that the BOE could keep the

existing funding level. He also asked if the Commissioners and BOE could sit down together in April once the County's revenue picture became clearer.

Ms. Thompson stated her apprehension with regard to reducing the BOE's funding request by 3%.

Following much discussion, Commissioner Shockley thanked everyone for meeting with them.

The board adjourned to meet again on December 2, 2008.