

Minutes of the County Commissioners of Worcester County, Maryland

June 6, 2017

Madison J. Bunting, Jr., President
Diana Purnell, Vice President
Anthony W. Bertino, Jr.
James C. Church
Theodore J. Elder
Joseph M. Mitrecic
Merrill W. Lockfaw, Jr.

Following a motion by Commissioner Bertino, seconded by Commissioner Mitrecic, 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 3-305(b)(1), (7) of the General Provisions Article of the Annotated Code of Maryland and to perform administrative functions. Also present at the closed session were Harold L. Higgins, Chief Administrative Officer; Kelly Shannahan, Assistant Chief Administrative Officer; Ed Baker, Interim County Attorney; Kim Moses, Public Information Officer; and Stacey Norton, Human Resources Director. Topics discussed and actions taken included: hiring Audrey Balster as a Custodial Worker I for the Maintenance Division and transferring Lubin Pilchard from Landfill Operator II to Recycle Worker I for the Solid Waste Division of Public Works; hiring Michael Hedlesky as a Recreation Program Manager II and transferring Phillip McCrary from Recreation Maintenance Worker II to the new Parks Worker II (County boat ramps) position for Recreation and Parks; appointing Assistant Warden Donna Bounds to Warden for the County Jail; acknowledging the hiring of Mischael Frey as a part-time School Resource Officer within the Sheriff's Office; receiving legal advice from counsel; and performing administrative functions.

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

The Commissioners reviewed and approved the open and closed session minutes of their special session on May 4, 2017, work session on May 9, and regular session on May 16 as presented.

Pursuant to the recommendation of Budget Accountant Kim Reynolds and a request from Mary Beth Quillen, Assistant Director of Administration within Social Services, and upon a motion by Commissioner Bertino, the Commissioners unanimously authorized Commission President Bunting to sign the FY18 Maryland Department of Housing and Community Development (DHCD) Rental Allowance Program (RAP) Agreement for a grant of \$40,000 to assist residents of Worcester County with rental assistance and security deposits.

Pursuant to the recommendation of Environmental Programs Director Bob Mitchell and upon a motion by Commissioner Lockfaw, the Commissioners unanimously authorized Commission President Bunting to sign the FY18 Critical Area Grant Agreement awarding the County \$13,000 to cover a very small portion of the County's actual cost to administer the Chesapeake and Atlantic Coastal Bays Critical Area Programs. In response to a question by Commissioner Bertino, Mr. Mitchell stated that the State allotment has decreased from \$45,000 to \$13,000 in recent years, while the total cost to administer the program is roughly \$148,000 annually.

The Commissioners met with Mr. Mitchell to discuss his recommendation for removing an unwanted and hazardous structure from the Greys Creek Nature Park, formerly known as the Weidman Farm and currently managed by Recreation and Parks in conjunction with the Maryland Coastal Bays Program to serve as a passive nature park that supports environmental education programs. Thirteen parcels and 22 islands make up Greys Creek Nature Park. Mr. Mitchell stated that the Ocean City Fire Company (OCFC) has offered to conduct a training exercise to demolish an existing, dilapidated structure located on one of those islands, noting that this would be the most cost-effective means of removal, and he suggested offering the OCFC a small stipend for taking on this task. In response to a question by Commissioner Bunting, Mr. Mitchell confirmed that there is no documentation to indicate that any persons have any claim to this structure or would be adversely affected by its removal. Interim County Attorney Ed Baker stated that any unknown agreements are not binding upon the County. Following some discussion and upon a motion by Commissioner Mitrecic, the Commissioners unanimously declared the structure to be surplus property and agreed to notify the public of their intent to demolish this surplus property in accordance with County law.

Pursuant to the request of Public Works Director John Tustin and upon a motion by Commissioner Church, the Commissioners unanimously approved Change Order No. 1 for installation of the Mystic Harbour effluent disposal spray irrigation system at the Eagle's Landing Golf Course for additional electrical grounding work needed to protect the new irrigation control system, resulting in a net additional cost of \$5,500. Mr. Tustin advised that funding is available within the project contingency to cover this expense.

The Commissioners met with Mr. Tustin to review a letter from Ocean City Recreation and Parks Director Susan Petito to express town officials' satisfaction with the design, purchase, and installation of the spray irrigation system for the Eagles Landing Golf Course and thanking Mr. Tustin for partnering with town officials and procuring the best team possible to assure timely completion of the project. Mr. Tustin stated that it was a pleasure working with town officials on this project, noting that they established an outstanding rapport.

Pursuant to the recommendation of Mr. Tustin in response to a written request from Jessica Flores, of Rusted Star Ranch on Cedar Lane Road in Berlin, and upon a motion by Commissioner Elder, the Commissioners unanimously agreed to post "Horseback Caution" signs at each end of Cedar Lane Road to provide visual warnings to increase awareness to drivers that they may encounter horseback riders in the area at anytime.

Pursuant to the recommendation of Assistant Chief Administrative Officer Kelly Shannahan and upon a motion by Commissioner Purnell, the Commissioners voted 6-1, with Commissioner Bertino voting in opposition, to schedule the annual consultation meeting with Maryland Department of Transportation (MDOT) officials, including State Highway Administration (SHA), for Tuesday, October 10, 2017, at 10:00 a.m. Mr. Shannahan advised that he had requested from and been advised by MDOT officials that they would not be available to meet the Commissioners during their October 3 or 17 meetings and had suggested October 10 because they are already scheduled to meet with Somerset County and Wicomico County officials on that date, thus allowing them to meet with multiple counties on the same day. Commissioner Bertino preferred to meet on a regularly-scheduled meeting day rather than scheduling a special meeting.

Pursuant to the request of Assistant Chief Administrative Officer Kelly Shannahan and upon a motion by Commissioner Mitrecic, the Commissioners unanimously authorized Commission President Bunting to sign the Asset Purchase Agreement between the County Commissioners of Worcester County, Maryland (Seller) and Ankur R. Patel and Kailas G. Patel (Buyers), that the County needs to execute to exit the liquor business at the Northern Worcester Shore Spirits Retail Liquor Store (RLS) and finalize the arrangements for this sale. The Commissioners awarded the bid for sublease of the Northern Worcester RLS to the Patels on May 16, 2017. Mr. Shannahan stated that, within the Asset Purchase Agreement, the inventory referenced in Exhibit "A" totals \$251,457, and applying the 25% mark-up of inventory sub-totals to \$314,321.25, and adding the \$50,000 purchase of business assets brings the total purchase price to \$364,321.25, while also relieving the County of the remaining lease obligation of \$130,500.

In response to a question by Commissioner Elder, Mr. Shannahan advised that the best bid, Bid No. 2, which was also from the Patels, to purchase the Northern Worcester Shore Spirits RLS was accepted by the Commissioners at their May 16, 2017 meeting. However, that bid was contingent upon the landlord honoring the full term of the existing lease, which did not occur. The landlord agreed to reassign the lease for only the first five of the former 10-year County lease (through February 11, 2018), which does not meet the conditions of the contingent bid. As a result, the fallback position of Bid No. 1 is in effect. Since a new lease will be held by the purchaser, the additional monthly lease payment of \$100 will not be collected; however, the terms of Bid No. 1 relieve the County of any further obligations under the lease after settlement. He concluded that subject to issuance of the liquor license to the Patels the sale of the store will be finalized June 28, 2017, at which time the County will be absolved of any responsibility for the existing lease.

Dawn Veatch, Manager of the Salisbury-Ocean City-Wicomico Regional Airport (which has been rebranded as the SBY Airport) presented a PowerPoint and video "Going Higher" to outline operations at the SBY Airport as follows: New Management Team, New Website - Fly SBY Airport to Anywhere in the World; Expectations; New Opportunities through Public/Private Development, New Corporate Jet Service Center, UAS Drone Activity, Educational and Flight Training Partnerships, and Green Energy; Economic Engines, Community and Business; New Opportunities, Refreshed Image, New Recognition for the Area, and Invitation to Visit and Learn

about SBY Community Airport. Ms. Veatch recognized Commissioner Church who has been serving on the SBY Airport Board of Directors for 15 years, thanking him for his faithful service. In response to a question by Commissioner Church, Ms. Veatch stated that the SBY Airport and ancillary businesses employ roughly 250 staff members, and American Airlines will begin offering Pure Jet Service by late August or early September 2017. Commissioner Church thanked Ms. Veatch for her leadership to bring economic growth that will benefit the entire Eastern Shore and to attract and grow new partnerships and programs to what has historically been an underutilized airport. Airport Board Chairman John Hall stated that the SBY Airport provides an \$80 million impact on the local economy, and he looks forward to expanding that impact. Commissioner Bunting thanked Ms. Veatch and Chairman Hall for meeting with them.

The Commissioners conducted a public hearing on the Solid Waste Enterprise Fund FY18 Requested Operating Budget of \$5,906,340, which projects a decrease in tipping fee revenues of \$250,000 and an increase due to General Fund grants of \$379,000 for recycling and \$120,000 for Homeowner Convenience Centers (HOCCs) to cover direct and indirect overhead costs, debt service of \$190,000, and a rate increase for mulch from \$10 to \$20 per bucket. Enterprise Fund Controller Jessica Wilson reviewed operational issues, stating that the Solid Waste Division consists of a Central Landfill and recycling drop-off in Newark, three Homeowner Convenience Centers (HOCCs) located in Berlin, Pocomoke and Snow Hill, and five unmanned recycling centers throughout the County that are open 24 hours a day. She reviewed the proposed budget, which maintains the current solid waste tipping fee of \$70 per ton for municipal waste and \$80 per ton for construction and demolition debris. Homeowner Convenience Center permits remain at \$100 for the first two vehicles and \$100 for each additional vehicle within each household, and the optional "Pay-As-You-Throw" system at a cost of \$1 per bag for each 33-gallon bag disposed at any HOCC. Ms. Wilson thanked the Solid Waste Advisory Board members for their review during the budgeting process and for the input they bring from the community, noting that the board made two recommendations (to charge \$100 for the first HOCC permit and \$20 for the second, and to install surveillance cameras at the unmanned recycling center at the Berlin Walmart), but based on discussions during the Commissioners' budget work session on March 20, 2017, these recommendations had not been incorporated into the FY18 budget.

In response to a question by Commissioner Bertino, Solid Waste Superintendent Mike Mitchell stated that the rate increase for mulch was proposed to generate additional revenue.

Commissioner Bunting opened the floor to receive public comment.

There being no public comment, Commissioner Bunting closed the public hearing.

Following some discussion, the Commissioners conceptually approved the proposed FY17/18 Solid Waste Enterprise Fund Budget and Fees and agreed to adopt the formal resolution at their next meeting on June 20, 2017.

The Commissioners conducted a public hearing on the proposed FY17/18 Water and Wastewater Enterprise Fund operating budgets, assessments, user charges, and other charges for each of the 11 Sanitary Service Areas (SSA) and sub-areas operated by the Worcester County Department of Public Works, Water & Wastewater (W&WW) Division, with individual rates set to cover the operating and maintenance costs for each SSA. Ms. Wilson reviewed the proposed

budgets for the County's various service areas, advising that user charges cover the operation and maintenance of these facilities, and while an attempt is made to keep the rate structures similar among the service areas, these rates are SSA specific. In addition to user fees, a debt service assessment is levied to repay bonds and loans for capital water and sewer infrastructure that is financed by the County, and all assessments are based per equivalent dwelling unit (EDU), with increases proposed as follows: a debt service increase for Mystic Harbour, and a debt service reduction for Ocean Pines and Sunset Village, which is a sub-area of Mystic Harbour.

Ms. Wilson stated that there are no proposed rate increases in the Assateague Pointe, Lighthouse Sound, or West Ocean City SSAs. She then reviewed the proposed rate increases in the other service areas. Briddletown would see an increase in commercial water base rates ranging from \$39.50 to \$132 at present to \$45 to \$375 per EDU; Edgewater Acres would see an increase from \$140 to \$150 per EDU per quarter domestic water and sewer base fee, an increase from \$83 to \$88 per EDU per quarter domestic water flat rate; and an increase from \$130 to \$135 per EDU per quarter domestic sewer flat rate; The Landings would see an increase from \$200 to \$215 per EDU per quarter domestic water and sewer base fee, and increase from \$200 to \$210 per EDU per quarter accessibility fee; Mystic Harbour would see an increase from \$148 to \$163 per EDU per quarter domestic water and sewer base fee, increase from \$153 to \$164.25 per EDU per quarter domestic sewer flat charge; increase in commercial water and sewer base fees ranging from \$158 to \$528 at present to \$180 to \$1,500 based on total EDUs, increase in commercial water and sewer usage charges ranging from \$3.20 to \$5 per thousand gallons at present to \$4 to \$10 per thousand gallons, increase from \$100 to \$150 per EDU per quarter accessibility fee, and increase from \$48 to \$54 per EDU per quarter debt service; Newark would see an increase from \$196 to \$216 per EDU per quarter domestic water and sewer base fee, and increase from \$240 to \$266 per EDU per quarter commercial water and sewer base fee; Ocean Pines would increase from \$138 to \$154 per EDU per quarter domestic water and sewer base fee, increase from \$134 to \$146 per EDU per quarter domestic sewer flat charge, increase White Horse Park domestic water and sewer flat rate from \$110 to \$122 per lot per quarter, increase in commercial water and sewer base fees ranging from \$158 to \$528 at present to \$180 to \$1,500 based on total EDUs, increase in commercial water and sewer usage charges ranging from \$3.20 to \$5 per thousand gallons at present to \$4 to \$10 per thousand gallons, and decrease from \$54 to \$47 per EDU per quarter debt service; Riddle Farm would increase from \$170 to \$180 per EDU per quarter domestic water and sewer base fee, increase in commercial water and sewer base fees ranging from \$158 to \$528 at present to \$180 to \$1,500 based on total EDUs, increase in commercial water and sewer usage charges ranging from \$3.20 to \$5 per thousand gallons at present to \$4 to \$10 per thousand gallons, increase from \$90 to \$140 per EDU per quarter accessibility fee; and River Run would increase from \$43.13 to \$48.13 per EDU per quarter domestic water base fee. In addition to user fees, assessments will be levied in the Newark, Ocean Pines, Snug Harbor, Oyster Harbour, and Mystic Harbour SSAs or sub-areas to make debt payments, with all assessments to be made on an EDU basis. In closing, Ms. Wilson thanked members of the Ocean Pines, Mystic Harbour and West Ocean City Water and Sewer Advisory Councils for their assistance in developing balanced budgets. In response to a question by Commissioner Church, Ms. Wilson reviewed the charges proposed within the Mystic Harbour SSA, noting that commercial water and sewer base fees increased primarily by the addition of two new tiers for large projects with between 25 and 39 EDUs paying \$1,000 and those with 40 or more EDUs

paying \$1,500. Commissioner Bertino thanked staff for working with him and Commissioner Bunting to keep rate increases within Ocean Pines to a minimum.

Commissioner Bunting opened the floor to receive public comment.

There being no public comment, Commissioner Bunting closed the public hearing.

Following some discussion, the Commissioners conceptually approved the proposed FY17/18 W&WW Enterprise Fund operating budgets, assessments, user charges, and other charges, and agreed to adopt the formal resolution at their next meeting on June 20, 2017.

Chief Administrative Officer Harold Higgins reviewed the final proposed FY18 Operating Budget of \$198,932,675 for the coming fiscal year, which reflects an increase of \$10,060,020 or 5.3% more than the FY17 budget, while reducing the requested expenditures of \$204 million by \$5.1 million. He stated that the approved FY18 budget maintains tax rates at their current levels of 83.5¢ per \$100 of assessed value for Real Property Taxes and 1.75% for the County's local Income Tax Rate, and due to increasing assessments, Real Property Tax Revenue is projected to increase by \$3,148,939 in FY18. He stated that this fiscally conservative budget maintains funding for valuable public services, such as public safety, education, infrastructure and existing social service programs. He noted that the County will again use Local Impact Grant (LIG) funds from the Casino at Ocean Downs, which increased by \$1,594, to fund the annual Worcester Technical High School debt service payment of \$2,488,812, and includes an increased Transfer-In through budget stabilization of \$498,524 from the General Fund to the Solid Waste Enterprise Fund to help cover operating costs for the Recycling Center and Homeowner Convenience Centers. He advised that the County budget includes funding to the Board of Education (BOE) in the amount of \$84,912,776, which is an increase of \$3,262,637 over the FY17 budget, plus debt service of \$10,720,812 for total County funding of \$95,633,588 or 48% of the County's total estimated revenue. He stated that the BOE budget includes a payroll increase of 2.8%, which includes a step, longevity step for those eligible, and salary scale adjustments, a 2% increase for starting teacher pay from \$43,384 to \$44,257 (with Step 1 to increase by \$873 to be the same pay as Steps 2 and 3), and a 1% increase to Bus Contractors' hourly rates and mileage rate, and an additional \$56,064 for contractors purchasing seven new buses. Mr. Higgins further stated that the overall County budget for County Government employees also includes a 1% Cost of Living (COLA) and Step increment of 2.5% in July 2017 for those eligible.

Commissioner Bertino thanked the financial team and department heads for developing a conservative, balanced budget. Commissioners Bunting and Purnell concurred.

Commissioner Mitrecic thanked staff for all their hard work to develop the FY18 budget, which he felt was in most respects a good budget; however, he could not vote to adopt the budget because it failed to include additional or adequate funding to cover three requests as follows: zero funding for the Worcester County Humane Society, a no-kill animal shelter serving northern Worcester County; zero funding for the Ocean City Skate Park master plan, which if approved would have been accepted as a good-faith effort from the County to help bridge the funding gap for duplicate services provided by the Town of Ocean City and funded a worthy project utilized by residents from all of northern Worcester County; and only \$1,500 for the Maryland Food Bank, which provided 875,000 pounds of food last year to needy Worcester County residents who might otherwise have gone hungry.

Upon a motion by Commissioner Bertino, the Commissioners voted 6-1, with Commissioner Mitrecic voting in opposition, to adopt Resolution No. 17-10 adopting the FY18 General Fund Expense Budget in the amount of \$198,932,675 and establishing tax rates for FY18, which reflects a real property tax rate of \$.835 per \$100 of assessed value and a local income tax rate of 1.75%, both of which remain unchanged for FY18.

Commissioner Mitrecic requested that the Commissioners consider the issue of eliminating the cost-share for dependents of new hires upon their retirement and requesting dependents to pay the full cost of the premium if they wish to remain on the County medical and prescription plan.

The Commissioners answered questions from the press, before adjourning for lunch and to attend a groundbreaking at 1:30 p.m. for the new Berlin Branch of the Worcester County Library on Harrison Avenue in Berlin, after which they adjourned to meet again on June 20, 2017.