



Commissioners of Leonardtown

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DANIEL W. BURRIS
Mayor

LASCHELLE E. MCKAY
Town Administrator

Commissioners of Leonardtown **Town Council Meeting Minutes** **November 10, 2014**

Attendees: Daniel W. Burris, Mayor
Leslie Roberts, Vice President
Thomas M. Combs, Councilmember
Hayden T. Hammett, Councilmember
J. Maguire Mattingly IV, Councilmember
Roger L. Mattingly, Councilmember

Also in attendance were: Teri Dimsey, Secretary; Laschelle McKay, Town Administrator; Rebecca Sothoron, Treasurer; Jackie Post, Fiscal Clerk; DeAnn Adler, Town Planner; Dick Myers, The Bay Net; Linda Chakales, Resident; Guy Leonard, The County Times. A complete list of attendees is on file at the Leonardtown Town Hall.

Mayor Burris requested that Councilmember Hammett lead the invocation and Ms. Dimsey to lead the Pledge of Allegiance.

Mayor Burris moved on to the first order of business.

Municipal Governance Works Month – Mayor Burris asked Councilmember Roberts to read aloud the Proclamation declaring November Municipal Governance Works Month.

Approval of Minutes

Meeting minutes for the October 13, 2014 Town Council meeting were presented for approval.

Mayor Burris entertained a motion to accept the minutes as presented.

Councilmember Roger Mattingly moved to approve the October 13, 2014 minutes as presented; seconded by Councilmember Combs; motion passed unanimously.

Police Report

Deputy Smolarsky provided Council with a written. Deputy Smolarsky noted that there have been some calls regarding speeding in the Singletree neighborhood and also a mention to add another speed limit sign further down Washington St. so that people are more aware of the speed limit.

Treasurer's Report – Rebecca Sothoron

Ms. Sothoron reported that the October financials were distributed and we are 34% through the Budget. No cash transfers were made for the month of October. We will not receive our first quarterly income tax distribution until the end of November. We have in November paid the first half of our property insurance premium. Final tax notices will be mailed within the next week or two. As the ENR project ramps up it will become a large part of our daily workload. As the budget cycle is longer this year it will provide us some additional time to begin or complete some new/old projects such as the Accounting Procedures Manual and on-line payment options.

Audit Report – Murray, Wamsley & Schrader

Ms. Sothoron reported that Mary Ann Murray is in attendance today to provide Council with an overview of the finalized Audit report.

Ms. Murray greeted Council. She thanked the Town for the opportunity to review the financial statements and go over the audit opinion. Ms. Sothoron provided each of you with a financial summary which we will be reviewing and we will begin with the Auditor's report located in the front. The Town received an unmodified opinion and that means that the financial statements were fairly presented in all material respects and are in accordance with generally accepted accounting principles in the United States of America.

In the Management's Discussion and Analysis section is a highlight of the financial statements for the year and it also puts it in perspective compared to the prior year. This is an excellent way to get into the nuts and bolts of your financials.

Next is the Statement of Net Position for your government wide financial statement. It is broken down into your governmental activities which is your General/Capital Projects fund and your Enterprise Fund which is your water, wastewater and refuse collection. Your business activities are referred to as a proprietary fund. These statements are different than what you are used to seeing from a government standpoint because these include all of the capital assets of the Town and include all of your long term debt. Your total net position for the year ended June 30, 2014 is \$39,748,523 however, and this is important, \$2,783,672 million is unrestricted. The rest is either invested capital assets which cannot be liquidated or restricted by Ordinance for your Impact Fees.

The Town's total net position did increase by \$553,546. However, at the close of the current fiscal year the Town's Governmental Funds did report a decrease of \$129,171 from the prior year. And you do have an ending fund balance in the Governmental Fund of \$726,131 but of that amount only \$489,749 is unassigned and available to be used for spending. The most important thing is that this represents 40% of your FY15 budgeted expenditures, and this percentage did go down from the prior year which is something you were planning on.

Finally, these financial statements reflect a new fund from the prior years which is the CDBG Fund which is the grant received for the Cedar Lane project but it is merely an in and out but is reflected in a separate fund.

The Statement of Activities breaks down into program services, program revenues and general revenues, which are incomes taxes, licenses and permit fees.

The Governmental Fund Balance Sheet does not show your capital assets or your long-term debt. This is showing what you have currently available for spending. It shows the receivables you expect to see and what payables are expected to be paid out over the next sixty days period.

This year GASB 65 was implemented and there is a new terminology called Deferred Inflows and Resources. Unavailable revenue of \$27,000 used to be called Deferred Revenue and that represents funds that you did not receive until sixty days or later until after the end of the Fiscal Year.

The next item is your Proprietary Funds and Statement of Net Position. In looking at the assets, your restricted cash and investments of \$5,904,143 is restricted which are your Impact Fees that are invested in the Maryland Local Government Investment Pool. Your main asset is your Net Capital Asset of \$14,000,000 and the majority of this is in your infrastructure, water/sewer and capital assets. Your operations for the year in the Proprietary Funds and after the depreciation (non-cash expense) you have an operating loss of \$34,782.

In the required footnotes, there is only one new footnote from the prior year and that is explaining the new terminology. Otherwise the footnotes are very similar to the prior year explaining the same type of information. These footnotes details any upcoming change in government auditing standards which will be reflected in the financial statements next year.

Variance items of note (which is in the financial summary). There are a couple unfavorable variances in the revenue, one for \$19,000 under public utility taxes (SMECO appealed their assessment), and the Income taxes were an unfavorable due to the furlough and less income on W2s this past year and this also affected the Town's local share.

Regarding the expenditures, all departments did have some savings and total expenditures were less than budgeted for a total of \$82,754.

Finally, the Auditor's Report on Internal Control is a separate reporting requirement for governmental entities. It is a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements in accordance with government auditing standards. We did not detect any material weaknesses which does not mean none may exist but, based on the audit test we performed, none were found. In prior years we did note some significant deficiencies but, they have been quickly corrected and there are none this year.

Another part is to look at compliance and other matters to look at the most important laws and regulations that the Town must comply with that would have a direct or material effect on the financial statements if the Town was not in compliance. We did not find anything that needs to be reported for this category.

The last item is two reports that we prepare each year and the first is the Management Report. In the previous Auditor's report we talked about deficiencies in internal control and while there were none that needed to be reported, there were some other deficiencies that we wanted to bring to your attention. Some have been reported in prior years and one of which is to update the Accounting Purchasing Manual and Ms. Sothoron has begun working on this.

In regards to Purchase Orders, the Town has a very low threshold of \$100 which is an internal decision as to what level you want it to be but it is not being instituted regularly so it needs to be consistent or raise the level of the amount. We also wanted to make note that the bank reconciliations are being done on a timely basis. The last item is an issue with the Grant invoicing and a matching grant. This was resolved and noted for future matching grants.

And lastly is our required communication on the audit to indicate any problems of securing any information during the audit, noticing any unusual activities or transactions outside of the normal operations. There were no changes in your accounting practices and did not change the way they are applied. Assets estimates are always a part of the financial report process and the Town's major estimate in our opinion is the depreciation. Major assets are the Town's net capital assets and they are depreciated over a time of years. An evaluation could be given that could be a major impact on the financials. There are no uncorrected misstatements. We had no issues at all; staff was extremely helpful in working with us as we conducted the audit.

Ms. Murray remarked that she is happy to report that there were not any problems, she thanked Ms. Sothoron, Ms. Post, Ms. McKay and all the staff for their assistance and if the Mayor or Council have any additional questions, please feel free to contact her.

Mayor Burris mentioned that the Town Council had intentionally left the Tax Rate .1266 which reduced the property taxes. Mayor Burris thanked Ms. Murray and company for their diligence and continued auditing for the Town.

Planning & Zoning Report – DeAnn Adler

Last month's Planning and Zoning meeting was held on October 20, 2014. We had three items on the agenda.

Case #61-14 – Old Line Bank –the project behind the Dash In, on Route 5 and Newtowne Neck Road. They received unanimous approval for their Concept Plan.

Case #92-07 – Dr. Luke's Office Building Expansion Project – This project also received unanimous re-approval.

Case #59-14 –This was a request for subdivision of one single family lot into 2 lots. This project is located at 23205 Hollywood Road, which is across from the Governmental Center. This newly created lot would have access from Spaulding Lane and meets the minimum lot requirement size. This request also received unanimous approval.

There are no cases for the November Planning and Zoning meeting therefore the meeting for this month will be canceled.

Town Administrator's Report – Laschelle McKay

Ms. McKay reported that the Uniform Service Contract was up for re-bid. We advertised the bid in the newspaper and on our website. The bid opening was October 31st and Cintas who is the current contractor was the only bid we received and they did agree to hold their current contract prices.

Councilmember Roberts moved to award the Uniform Services Contract for a three-year term to Cintas to begin December 1, 2014; seconded by Councilmember Jay Mattingly; no further questions, motion passed unanimously.

The existing Lawn Care Contract was bid in 2012 for a three year period. The original contract has two one-year options that are still available for extension. The options would be from July 1, 2015 to June 30, 2017. Woodlawn is our current provider and they have donated or scheduled to donate almost \$7,000 in services this year and proposing another \$25,500 in donated services through the two year extension. Recommendation is to renew the contract for the last two years for the extension through June 30, 2017. Woodlawn has held the base contract prices though it does vary year to year as they do rotate a large mulching project that happens every three years. If we add streets or anything new to the contract we work with Mr. Bill Wood to include in the contract.

Council all agreed that the Town looks spectacular and gorgeous ready for Veterans Day due to Woodlawn's great attention to the Town landscaping.

Councilmember Roberts moved to approve the contracts two year extension through June 30, 2017; seconded by Councilmember Hammett, no further discussion, motion passed unanimously.

Ms. McKay remarked that the ENR Upgrade Bid opening was held and four bids were received. The apparent low bid at \$20,279,000 with the high bid at \$22,350,000. The engineers estimate was \$18,965,344. A bid canvass was supplied in our packets which breaks down all four bids. The base bid would have been lower than the engineer estimate but then there were some line items, specifically the sludge removal and sludge handling, which came in very high. Those ranged up to \$4,000,000. These two lines items threw off the budget and we have had a recommendation from our engineers and attorney that we reject all of the bids and we go back out to bid the first of December. We will bring the bids back to Town Council in January. This will not impede the target completion date in 2017.

Councilmember Combs moved to reject all bids that were presented on October 28, 2014 and rebid the project removing the sludge removal/handling costs with the bids due back in December; seconded by Councilmember Roberts.

Discussion:

Council stated that the sludge removal and handling would be contracted out by the bidder and it was determined that the Town could do this in house and less expensively.

The Mayor asked for a vote; **motion passed unanimously.**

Ms. McKay reported that a letter was sent in July to Patuxent Velo regarding the Leonardtown Criterium stating that the Town has grown and because weekend activities have increased over the years, this event creates a real issue closing off both Washington Street and Lawrence Avenue and is a real hardship on the residents and businesses.

We received a letter back from the Club requesting that we continue holding the event and we have composed a new letter to send back explaining that this route is very challenging for the Town as our other events are centered and contained around the square and do not require major streets to be shut down. Consensus is needed from Council for the Mayor to send the letter.

Council gave consensus for the Mayor to send the letter as presented.

Mayor's Report

Mayor Burris reported that the Veterans Day Parade is tomorrow and we are excited to have Governor- Elect Larry Hogan joining us.

Events – Roger Mattingly

Christmas on the Square is coming up on Friday, November 29 and preparations are underway. Rain date is Saturday, November 29 at 7 pm with the Tree Lighting ceremony only.

Santa and Mrs. Claus return to the Town Square on Saturday, December 13th from 11 AM to 1 PM

Upcoming Events of Interest/Meeting Reminders:

Tues., November 11	10 AM HOLIDAY	Veterans Day Parade Veterans Day – OFFICES CLOSED
Fri., November 14	8:30 AM	Leonardtown Business Association Meeting @Lola Belle
Sat., Nov. 15 & Sun., Nov. 16	9 AM – 5 PM 10 AM – 4 PM	Antique Show & Sale Leonard Hall Jr. Naval Academy
Sunday, November 16	3:00 PM	National Youth 5K Pax River @ Leonardtown Wharf
Wednesday, November 19	11:00 AM	Santa's Workshop & Pizza @ Newtowne Village
Wednesday, November 19	12:00 PM	Chamber Members' Luncheon @ Country Inn and Suites 44941 Worth Lane, California, MD
Wednesday, November 19	5:30 PM	Chamber Business After Hours – @ CSM – Leonardtown Building A, Auditorium

Thursday, November 27	THANKSGIVING	Town Office Closed
Friday, November 28	HOLIDAY	
Friday, November 28 (Rain Date: 11/29)	5 PM – 9 PM	Christmas on the Square & Tree Lighting Leonardtown Square
Friday, November 29	5 PM – 9 PM	LVRSA Christmas Festival Winegardner Showroom
Friday, December 5	5 PM – 8 PM	Celebration of Shop Local First Fridays
Friday, December 14	8:30 AM	LBA Holiday Party @ Café des Artistes
Saturday, December 14	11 AM – 1 PM	Santa & Mrs. Claus on the Square
Thursday, December 25	HOLIDAY	Town Office Closed
Thursday, January 1		

Community Development and Strategic Planning - Hayden Hammett

Councilmember Hammett reported that there are a number of buildings that are for sale that we have heard a number of local investors are considering and we hope brings in some new businesses.

ENR Upgrade – Tom Combs

Councilmember Combs reported that he does not have any additional information to add at this time.

SMMA Update – Leslie Roberts

Councilmember Roberts reported that SMMA held a meeting last week and Highland Beach joined the meeting for the first time in about 10 years. They are a very small Municipality but recently received a State Energy Conservation award. The Legislative dinner will be in Annapolis on December 3 and they too have not been involved in over ten years, In January the Chesapeake Bay Foundation will speak on conservation and the potential of availability of funding and also on GIS mapping on underground infrastructure.

Councilmember Hammett noted that Councilmember Roberts had a good suggestion about hosting an orientation for the newly elected officials at both the County and State level to learn more about how a municipality works and the inner workings of the Town of Leonardtown.

Safety and Emergency Preparedness – Jay Mattingly

Councilmember Mattingly reported that the Washington Street improvements have been completed and we have received a lot of compliments. The Town looks impressive with all the American Flags flying in preparation of the Veterans Day Parade.

Councilmember Combs expressed that the Town staff has done a terrific job gearing up for the Veterans Day Parade.

Ms. Linda Chakales introduced herself as a resident in the Singletree neighborhood and is here today to address an ongoing situation regarding the easement that runs along the side of her home at the end of her street. She was unhappy with the letter she received regarding her request for assistance in fixing the problem. She came to the meeting in June regarding the hard surfacing around her property on Miss June. She purchased and handpicked the lot and was very much aware that the street was on an incline from Moakley and also was aware that the side street along her property was a storm drain and she did not have any problems with it but as the years have progressed the lay of the land had changed, the curbing has changed, the farm has changed and things have not been done to help her maintain. She addressed each of the issues as presented the letter and felt that the Town had not done enough to help her with this ongoing issue. No one has addressed why this was designed as it to have the water flow so aggressively from Moakley St. down Miss June Court. She has had contractors come out and assess the issue. Their neighborhood chose not to set up a Homeowners Association as they felt this is what they paid their taxes for and most feel these issues should be addressed by the Town. She appreciates the opportunity to speak but would like to see some resolution to the issue of storm water drainage and assistance in cutting back the adjoining construction field.

Mrs. Hayden, a resident in the same neighborhood, remarked that the first complaint was about 25 years ago when Mr. Mattingly was farming the property, he may have complained to the Commissioners, that the water coming down Miss June Court is flooding about an acre of land that he was renting from Mr. George Clarke and continues to lose profit as he could not plant as it was a complete washout. Mr. Alfred Mattingly put a curb there to protect the farm which did help some but it has continued to be a problem from the water washing out from the end of Miss June Court.

Ms. Chakales also noted that there is an issue regarding people thinking that their street is a through street.

Mayor Burriss stated that there appears to be a lot of issues that we cannot answer or address today. Much of the work done was done before today's strict standards. He suggested that they all meet to discuss these issues in more detail to help find a satisfactory resolution.

Councilmember Combs noted that the Commissioners do care about situations such as these and it does take some time to go through the process of understanding if it is in fact a Town or private property issue and how best to determine a resolution.

Mayor Burris reminded everyone that he will be available for discussion after the close of the meeting and entertained a motion to adjourn the regular meeting.

Councilmember Hammett moved to adjourn the regular meeting at 5:24 p.m.; seconded by Councilmember Roberts, no further discussion, motion passed unanimously.

Respectfully Submitted:

Teri P. Dimsey

Approved:

Daniel W. Burris, Mayor

Leslie E. Roberts, Vice President

Thomas M. Combs, Councilmember

Hayden T. Hammett, Councilmember

J. Maguire Mattingly IV, Councilmember

Roger L. Mattingly, Councilmember