

**MAYOR AND COUNCIL
BUDGET WORKSHOP
MAY 17, 2013**

Mayor Margo G. Bailey called the budget workshop session to order at 2:00 p.m. In attendance were Council members James R. Gatto, Linda Kuiper, Mabel Mumford-Pautz and Mauritz Stetson, W. S. Ingersoll, Town Manager, Patricia Diver, Director of Finance, Jennifer Mulligan, Stenographer, and guests.

Ms. Diver explained the Utilities Commission budget to the Council. Mr. Ingersoll stated that the budget predicted a 10% increase every other year, so that was included in the draft budget. Mr. Ingersoll showed that there is stability between quarters by billings and rates could be increased at any time. He said that there was minimal debt and the Town had great borrowing power. Mr. Ingersoll stated that a 10% increase in water and sewer bills would yield \$140,000.00. A 5% increase would yield \$70,000.00.

Mayor Bailey asked if there were any foreseen problems with hospital well problems. Mr. Ingersoll stated that at this time, there were no problems. He said that the Town was receiving pressure from MDE about allowing the hospital to terminate the well monitoring program completely. Mr. Ingersoll stated, however, that it appeared that the plume is moving and oil was collecting at certain monitoring wells. He said under those circumstances, monitoring should continue at key "sentinel" wells below Brown Street to protect the Town's well field.

Mr. Ingersoll stated that the rates may not have to be raised this year. Mr. Gatto stated that money should be set aside for work on pipes, such as along Richard Drive, where the pipes were installed incorrectly. He said that a capital cost set aside would build up a reserve for that. Mr. Ingersoll stated that the funds from the MTBE settlement could be used for that purpose, or the Utilities Commission's line-of-credit.

Mr. Gatto stated that he did not want to raise utility rates this year. The Council agreed that utility rates would remain the same for the coming fiscal year.

Ms. Kuiper discussed the possibility of raising the interest fees on water bills for additional revenue. Ms. Diver stated that she thought that would require a Charter change.

Ms. Diver then explained the budget for the Town. She said that the local income tax was updated, along with the latest State estimates.

Ms. Diver stated that there were changes to the Recreation budget, with the addition of the Eastern Shore Heritage Area. She said that at this time there were no monies allocated in the budget for the Recreation Commission. Mayor Bailey stated that there was \$1,100.00 granted to the Recreation Commission for movie nights in Town and that was the only thing that she had at this time.

Mr. Ingersoll stated that he received a letter last week indicating that the \$155,000.00 grant was funded for the Gateway Park. Ms. Kuiper asked if the grant covered a basketball court. Mr. Ingersoll stated that a basketball court was a feature of the park grant application. Mr. Gatto stated that he did not vote on the basketball court. Mr. Ingersoll stated that this grant was now funded already and had been voted upon by the Council (August 6, 2012).

Mr. Ingersoll stated that the build-out of Phase 3 Rail-Trail along High Street to the Gateway Park was budgeted in the current year with funds from the College from the purchase of the Armory. David A. Bramble, Inc. had agreed to honor the bid prices from last year for the build out.

Mr. Gatto stated that the Gateway Park had to be annexed. Mr. Ingersoll stated that there were a couple of Town properties that could be annexed, including the lagoon property that the solar farm was going to be built on.

Mrs. Mumford-Pautz asked about the facilities at the public schools. Mayor Bailey stated that she did send a letter to the Board of Education asking to work together on playground projects.

Ms. Kuiper asked about enrollment for health insurance. Ms. Diver stated that there was a minimal medical increase and the plan was changed. The high deductible was reduced, which was a savings and there were some changes to the plan itself. The vision plan was switched to United Healthcare. Ms. Diver stated that there was a worksheet with the information for the Council.

Mayor Bailey asked what happened with the street sweeper that the Town was looking into purchasing. Mr. Ingersoll stated that it was in the budget as a lease/purchase. Mr. Ingersoll stated that he was hoping to get about \$10,000.00 for the old sweeper. Mr. Gatto stated that this was a major expense and he wanted to see a comprehensive street cleaning program implemented.

Ms. Kuiper asked about the \$25,000.00 NEA grant. Ms. Diver stated that the grant was applied for but there was no decision yet as to if it was granted. Ms. Diver stated that the match would come from the proceeds from Washington College.

Ms. Kuiper stated that she would like the funds from Washington College to be listed separately on the budget.

Ms. Kuiper asked about the use of the revenue from the hotel tax. Ms. Diver stated that about half of the revenue (\$45,000.00) went to the Visitors Center.

Ms. Kuiper stated asked if the Town contributed to the cost of the Christmas lights. Ms. Diver stated that the costs listed were what it cost to put the lights up each year. Ms. Kuiper then asked about the miscellaneous charges. Ms. Diver stated that there were decoration contests that went on throughout the year.

Mr. Gatto stated that he would like to see additional lighting downtown during the Christmas holiday. The Council decided to look into additional lighting for the downtown as well as Washington Avenue and Rt. 291, taking some funding from the hotel tax. Mr. Ingersoll suggested giving each business owner small, white lights and asking them to string them along their buildings. Ms. Diver stated that the budget was \$1,500.00 for Christmas lights. The Council decided to put in \$3,000.00 for next year's budget.

Mr. Ingersoll stated that what was not listed in the tourism part of the budget were items not right at their fingertips, such as parades, police, clean-up, etc. He said that he thought that a lot was done downtown and most of it was for tourism.

Ms. Kuiper asked about the pavilion rentals. Mr. Ingersoll stated that all of the money received for the pavilion went back to the College at the end of the year for maintenance of the bathrooms and the pavilion. He said that the Town did not keep any of what was brought in for pavilion rentals.

Ms. Diver explained the break down for each department.

Ms. Kuiper asked if the Remembrance Park was finished within budget. Ms. Diver stated that he would have to look that up. She said that in addition to the budget, there were donations from the College Center for the Environment and individuals. Ms. Kuiper stated that those funds should be acknowledged. Mr. Ingersoll stated that those funds were part of the green project with Briggs Cunningham and the College was listed on the plaque of donors.

Ms. Kuiper asked if any of the trees from the Gough estate went to Cannon Street. Mr. Ingersoll stated that the Gough estate approved and were happy with the final result of the trees in the Remembrance Park and on the Trail.

Ms. Kuiper stated that she was hoping that the study for the Farmer's Market would come before the Council before the market ended this year. She said that the artisans and vendors wanted to know where their money went. Ms. Kuiper stated that the farmers and artisans also wanted advertising.

Ms. Kuiper stated that web management was a big problem to her. She said that it needs to be bid out. Ms. Kuiper stated that if people purchased advertising on the website, it could be self-sufficient.

Mr. Ingersoll stated that the website was bid out just a couple years ago. He said that everyone who bid wanted to rebuild the site and it was a large expense. Mr. Ingersoll stated that there was equity in the website and the webmaster dropped the rates two years ago and left them down. Mr. Ingersoll added that he thought that the private sites should pay their way, rather than just tacking onto the Chestertown website. He said it may be that private sites do pay their own way.

Ms. Diver stated that went over the budget for Satterfield Court and Cannon Street Apartments. Mr. Ingersoll stated that final appraisals were finished for the conveyance of these properties. He said that the apartments would be rehabbed once sold, noting that the apartments may not be owned by the Town for the whole fiscal year.

Ms. Diver reviewed the budget for the marina. Mr. Ingersoll stated that he intended to extend the Sultana Pier if the Tier 1 BIG grant was funded, or take a pier and build it out. He pointed out that any funds borrowed from the Mayor and Council would be repaid and were part of the equity in the marina. Mr. Ingersoll stated that Ms. Diver was doing an incredible job of getting the marina into shape. Mr. Gatto stated that the loan should be paid back to the Mayor and Council over a number of years. Mr. Ingersoll stated that he saw this as capital equity of the Mayor and Council in a discretionary fund.

Mr. Ingersoll stated that the Town should put in a State Bond Issue request (grant) for a million dollars to fix the marina and make it a showplace for the Eastern Shore. Ms. Kuiper stated that money should be spent on advertising as well.

Ms. Diver stated that right now the marina was fully booked. She said that there had to be more slips made available. Ms. Diver stated that there have been many repairs to the marina. She said that it was in much better shape since the purchase.

Ms. Kuiper asked how many storage spots were being utilized at the marina to maximize revenue. Ms. Diver stated that some of the boats that were stored left before Hurricane Sandy hit and did not return for the winter. Ms. Diver stated that she anticipated some of the boats that were here for the season to stay for the winter on dry land. Ms. Diver stated that the Town received about \$41,000.00 in winter storage.

Mr. Ingersoll stated that the salaries were taken from the compensation study completed in 2012.

Mrs. Mumford-Pautz moved for an executive session under 10.508 of the Annotated Code of the State of Maryland to discuss salaries, was seconded by Mr. Gatto and carried unanimously.

There being no further business, Mrs. Mumford-Pautz moved to adjourn the meeting at 3:35 p.m., was seconded by Mr. Gatto and carried unanimously.

Submitted by: 
Jennifer Mulligan
Stenographer

Approved by:
Margo G. Bailey
Mayor