

**MAYOR AND COUNCIL
BUDGET WORKSHOP
MAY 13, 2014**

Mayor Cerino called the budget workshop to order at 5:10 p.m. In attendance were councilmembers Liz Gross, Linda C. Kuiper, Samuel T. Shoge and Mauritz Stetson, W. S. Ingersoll, Town Manager, Patricia Diver, Director of Finance, Jennifer Mulligan, Town Clerk and guests.

Ms. Diver stated that the first fund to review was the General Fund which showed everything submitted for the budget with the exception of some of the recreation requests. She said that many of the Recreation Commission items listed items were already in the budget. There was nothing to date in the budget for what was submitted by the Downtown Chestertown Association or Fountain Park.

Ms. Diver stated that the percentage increases for most departments were very low. There were increases in workmen's compensation, medical, insurance, operating expenses for repair and maintenance.

Ms. Diver stated that recreation, public relations and tourism has increased a large amount due to various new requests that have come before the Mayor and Council.

Ms. Diver stated that capital grants were \$462,848.00, which partly included the \$200,000.00 from Washington College.

Ms. Diver stated that some capital expenditures were from grants and various capital items, such as the police car, sweeper, etc. Funds would be transferred to the Marina to help pay the bond issue principle next year.

Ms. Diver stated that at present \$357,848.00 might need to come from unappropriated surplus funds to balance the budget.

Mr. Ingersoll stated that at the highest point of the year the Town was at about \$2 million with funds on hand. By July, it drops to about \$1.2 million. He said that some consideration might be given to using the funds on hand. Mr. Ingersoll stated that the Town had very low debt, and the only real debt that they had was the new sweeper that was being paid off in 5 years at a very low interest rate.

Mr. Ingersoll stated that an additional \$10,000.00 was allocated to the Fire Department this year. He said that those funds were proposed as that was a volunteer organization with a new expensive piece of equipment.

Mr. Ingersoll stated that the high cost of health insurance and workmen's compensation was hard to deal with but they were able to keep most departments at a 3% increase overall.

Ms. Kuiper stated that capital improvement monies were not specifically set aside and other town budgets she had seen did have those funds at 7%. She suggested starting with 2% or 3% and increasing it by 1% each year if possible. Ms. Diver stated that if that was going to be done it should be taken from the existing cash on hand (as it was derived from depreciation).

Ms. Kuiper stated that there were problems with the water and sewer infrastructure that should be dealt with at some point. Mr. Ingersoll stated that the Utilities Commission has a capital fund and water and sewer was a different budget. He asked if Ms. Kuiper meant problems with the water and sewer pipes or stormwater runoff. Ms. Kuiper stated that there were problems at the Middle school, at Kent Street, and near the River (meaning stormwater).

Mayor Cerino stated that a large request since the last budget meeting was from the Recreation Commission so he asked Mr. Arrowood to review the proposed budget.

Mr. Arrowood reviewed the budget submitted by the Recreation Commission. He said that he left the baseball field in the budget in the hopes that the School Board would approve it. He also had funds he wanted set aside for a pocket park in Town. Money for play equipment was requested for Wilmer Park. Funds were included for the play area at Washington Park. He said that he thought the Ajax courts should be included under general maintenance.

Mr. Arrowood went over the programming scheduled for the year, including the movies in the park. He said that he would like to buy a projector this year that would be owned by the Town. He proposed 4 family oriented days downtown a year at various times of the year.

Mr. Arrowood stated that the Bocce league was requesting an annual sum of \$500.00 for equipment and supplies, noting that the league itself pays for most of the costs. He was looking into other adult activities for the future.

Mr. Arrowood stated that he would like for the Town to support a basketball or little league team in the future. He said that family game night was occurring on Friday's in February and they requested funds to purchase games. He said that there were several requests for neighborhood block parties and he would like to accommodate those requests. Bus trips were something that have been suggested by residents.

Mr. Arrowood stated that it would be nice to have a figure to work with for the year so that he did not have to return to the Council with many requests for programs. He said that he was looking into the long-term for recreation.

Ms. Gross stated that she was confused about the numbers presented by Mr. Arrowood and existing numbers in the budget, as they were intermingled. Ms. Diver stated that she worked out a chart (page 8) which broke down all the things that were already in the budget and then what Mr. Arrowood requested that was not in the budget, with the exception of capital items. She said park maintenance had to be under recreation as per the auditors.

Ms. Diver stated that there was an extra \$10,000.00 in the budget listed for the park benches for the Margo Bailey Park. She said that the costs of park maintenance was for outside vendors and did not include the work performed by the street department.

Ms. Kuiper stated that she thought the proposed Recreation budget severely overstated the Recreation Commission. She said that most of the funds were appropriated by the Mayor and Council and should not be changed. She said that the Recreation budget should reflect the Recreation Commission. Mayor Cerino agreed, stating that the presentation was unclear as to what was already appropriated and should reflect new initiatives that the Commission had planned for the year.

Mr. Ingersoll stated that recommendations for capital projects could come from the Recreation Commission but the responsibility for purchasing land and locating parks was the purview of the Mayor and Council.

Mr. Ingersoll stated that he thought the grant for Washington Park should be resubmitted and the funds that were dedicated to the grant project would come through if and when the grant was received.

Mr. Ingersoll stated that the flow of money seemed to be going from the Town to the County instead of the other way. He said that the County runs a recreation program in Worton and the Town was giving them money for Town residents to attend and bussing children out there. There was no tax differential or grant in aid. He said that there was only a small fee for a crossing guard that came from the County. He said that the budget could be easily balanced with a tax differential. Mr. Ingersoll stated that recreation was important but the County offers no programs in Town. He said that the Town was paying \$12,000.00 per year to take care of Chestertown's kids and money to bus them out to the facility, when the Town residents pay County taxes as well.

Ms. Kuiper asked where the bocce court would be placed. Mr. Arrowood stated that he had private land lined up for the bocce court. He said that the money would be funneled through the Town only. Ms. Gross stated that the liability issues could be horrendous and that should not be done. Mr. Ingersoll stated that he did not understand why a bocce court would not be on Town land, suggesting that the Wilmer Park be considered since the League already enjoyed being there.

Ms. Kuiper stated that Mr. Arrowood should return to the Council to ask for approval for the bocce site.

Ms. Gross stated that she liked the idea of an allocation for the year for the Recreation Commission. Mr. Stetson suggested \$10,000.00 for the year. The Council agreed to work with a figure of \$10,000.00 for programming. Ms. Diver stated that \$1,100.00 was approved earlier for movie nights in earlier discussions.

Mayor Cerino stated that he thought a role of the Recreation Commission was to help identify ideas for recreation areas, but it was up to the Mayor and Council to make any decisions.

Mayor Cerino asked how the budget was balanced last year, but not this year. He said that he did not want to create an annual deficit. Mr. Ingersoll stated that either expenses had to be cut, taxes raised, or other forms of revenue be found. The fact that the Town did not borrow should be considered for capital expenditures or those expenditures should be deferred.

Mr. Ingersoll stated that many items increased for employees, such as workmen's compensation and health insurance costs. He said that a large piece of equipment was purchased last year and another police car was slated for purchase this year.

Mr. Stetson stated that the \$200,000.00 restricted donation from the College should be used. He said that there was no reason to restrict those funds. Ms. Diver noted that the Washington College donation was helping to balance the budget.

Mr. Ingersoll stated that there was no reason to never touch the unappropriated surplus funds. He said that it was not a bad thing to balance the budget with money that came from left over from unspent categories, capital projects or depreciation.

Mr. Ingersoll stated that when the marina was fixed it would not be such a large drain on the budget. He said that the \$105,000.00 that had to be transferred to the marina was a drain, not to mention that the operator decided to leave. Ms. Diver stated that until dredging occurred the revenue would not break even.

Mr. Ingersoll stated that he thought that Secretary Gill should be contacted and asked for a large one-time bond issue through the legislature for the marina once the engineering plan was finished. Mr. Cerino stated that this was also the first domino to fall and would set the tone for the entire waterfront.

Ms. Kuiper stated that if they could slide by this year with the sale of High Steps and Satterfield Court but fiscal 2016 may be a problem for the marina. Ms. Diver stated that dredging was critical and there would be less revenue each year until dredging took place.

Mayor Cerino asked about the DCA request. Ms. Diver stated that she put in \$2500.00 for advertising under the Hotel Tax but that was it. She said that they wanted different decorations but the Town was decorating and put in extra funding for Christmas decorations. She said that there was a request for Curb Appeal for \$2500.00 as well. The Council said to give Curb Appeal the \$2500.00. Ms. Diver stated that it would be put under public relations.

Mr. Ingersoll stated that 40% of the Town revenues from the hotel taxes go to the County for economic development and advertising. He said that the Downtown merchants should realize that it was Town money doing the County advertising. Mr. Ingersoll stated that Rock Hall does not give any of their hotel tax back to the County.

Ms. Diver stated that Fountain Park had to be discussed. Ms. Kuiper stated that Mr. McCoy offered to sod the entire park for \$1,000.00. She said that she did not see an elaborate testing process for the park having to take place. She said the sod that has been planted is plush and is taking hold.

Mr. Ingersoll stated that he thought \$4,000.00 to \$5,000.00 should be set aside for the analysis and correction of the electric sprinkler system at the Fountain Park. The Council decided to mark \$5,000.00 for Fountain Park maintenance and renovations.

Ms. Kuiper stated that she thought the revenue from the Farmer's Market should go strictly to Fountain Park. Mr. Ingersoll asked about the possibility of raising the Artisan's and Farmer's Market weekly fees. Ms. Kuiper stated that the Artisans have already signed their contracts for the summer. Ms. Diver stated that there was \$2,000.00 left in the Park budget after paying Mr. McCoy and Ms. Gorman and printing the brochures.

Mr. Ingersoll stated that taxes raised \$.01 meant \$55,000.00 in revenue. Ms. Diver stated that taxes have not been raised in many years. Ms. Kuiper stated that she would not vote for raising taxes.

Ms. Kuiper asked about allowing development on Talbot Boulevard as per Mr. Meehan's request. Mr. Ingersoll stated that Mr. Meehan wrote a letter but none of that would happen quickly enough to affect the upcoming budget year.

Ms. Kuiper stated that the Street Department should be reviewed for efficiency.

Mr. Ingersoll stated that Workmen's Compensation was being shopped with IWIF to see if the cost could be reduced. Ms. Diver stated that the number in the budget was a 15% increase and she was hoping for 5%.

Ms. Kuiper asked if anyone had looked into self-insuring. Ms. Diver stated that quotes were received from 2 brokers and the self-insurance came through LGIT. She said that it was \$100,000.00 more than what the Town currently paid. Ms. Diver stated that dental and vision will be self-insured.

Ms. Kuiper stated that in the private sector, people had to give up benefits because of the deductibles. She said that government has always offered better health care coverage than the private sector, but said it might be time to look into the costs. Ms. Diver stated that the costs were known, it was a question of whether or not the Council wanted to cut benefits to employees.

Mr. Ingersoll asked Ms. Diver about Highway User Funds. Ms. Diver stated that she updated the most recent number given by the State.

Mr. Ingersoll stated that the \$150,000.00 for street repaving should be removed and the Town would continue with patching. The Council agreed.

Mr. Ingersoll stated that the budget would be introduced on Monday night. The Council will not raise taxes. He said that there will be a balanced budget based on revenues expected this year and if needed it will be balanced with unappropriated surplus. Capital monies from last year will be brought forward and put in a separate category. Mr. Ingersoll stated that he would look at insurance deductibles and work on a better Workmen's Compensation figure.

Mr. Ingersoll stated that consideration could be given to the Police Department not purchasing a new vehicle this year. He said that a second Tahoe was just purchased as well as another police dog. Ms. Kuiper stated that the dog only cost \$2,000.00. Ms. Diver stated that the maintenance on the dog was another issue as it was very expensive and it had doubled the canine budget.

Mr. Ingersoll stated that changes can be made to the budget after it is introduced and before it is enacted.

Ms. Kuiper stated that she would like the municipal infraction fines to be raised. She said that when the noise ordinance is violated, all residents in the house should be fined as well as the

property owners. She said that absentee landlords must take responsibility for their tenants. She said that she wanted the fines raised before the end of August 2014.

Mr. Ingersoll stated that Ms. Brookes was retiring in August. He said that a new hire could cost less. Mr. Ingersoll stated the position could be changed to include someone who could perform property maintenance as well as a crossing guard and parking. The Council discussed permanently bagging the meters.

Ms. Gross asked if the National Music Festival donation was in the budget. Ms. Diver stated that she put it in under Tourism. She said that there was no letter received for that donation to date.

Mayor Cerino stated that the line item for benches may be seen as a large expenditure in the budget. Mr. Stetson stated that the benches would last for 40 years. Ms. Diver suggested purchasing a couple benches each year. Mr. Ingersoll suggested purchasing benches through donations. Mayor Cerino suggested changing the figure to \$5,000.00.

Mayor Cerino stated that he would like for Mr. Ingersoll and Ms. Diver to review items line by line and see if anything else could be cut before Monday.

There being no further business, Mayor Cerino closed the budget workshop at 7:43 p.m.

Submitted by: 
Jennifer Mulligan
Town Clerk

Approved by:
Chris Cerino
Mayor

**Chestertown Receration Budget
2014-2015**

submitted Bill Arrowood, Chair, CRC
4/11/14 revised 5/5/14

Potential offsetting
cost revenue*

GL Code TBD					
Maintenance					\$ 6,000.00
	Seasonal Maintenance Staff (Apr-Aug)	\$ 4,000.00	####		
	General existing park maintenance	\$2,000.00	####		
	Greening initiative	\$2,500.00			

GL Code TBD					
New Facilities					\$ 25,500.00
	KCMS Ballfield Build (2014)	\$ 5,000.00	####		
	Pocket Park- location TBD	\$ 3,500.00	####	- No	
	Wilmer Park - play equipment	\$ 5,500.00	####		\$2,000.00
	Washington Park Playground	\$ 10,000.00	####		\$1,000.00
	Gateway Park	TBD			
	Rails to Trails	TBD			
	Bocce Court	\$2,500.00	####		\$2,500.00
	(*committed as per Grant Application, portions may be in kind/labor)				

GL Code 80249					
Programming					
	Movies in the Park				\$ 4,800.00
	Film rights (6) @ \$300 per	\$ 1,800.00			\$300.00
	Projector, sound & screen	\$ 2,800.00	####		
	Seasonal Fests				\$2,800.00
	Spring	\$ 600.00	####		
	Mid Summer	\$ 600.00	####		
	Fall	\$ 600.00	####		
	Colonial Christmas	\$1,000.00	####		
	Adult Sports Leagues				\$ 1,200.00
	Bocce	\$ 500.00			\$500.00
	Additional- TBD	\$ 700.00	####		\$500.00
	Youth Leagues				\$ 500.00
	Recurring Programs				\$ 1,600.00
	Family Game Night	\$ 300.00	####		
	Neighborhood Block Parties	\$ 500.00	####		
	Bus Trips	\$ 300.00	####		\$400.00
	public meetings	\$ 500.00	####		
	Advertisements				\$ 700.00
	(Newspaper, Posters, Banners)	\$ 700.00	####		

GL # TBD					
Transportation					
	Summer KC Community Center				\$ 450.00

GL # TBD					
Scholarships & Donations					\$ 17,550.00
	Garfield Center for the Arts	\$ 1,800.00			
	Kent County Library summer programs	\$ 5,000.00			
	KC Parks & Rec Summer Camp	\$ 10,750.00			

GENERAL DONATIONS NOT CONSIDERED RECREATION (tourism/ charity/ other)- NOT INCLUDED IN BUDGET LINE BELOW					
	Eastern Shore Hentage	\$ 1,000.00			
	War of 1812 event	\$ 1,000.00			
	Samaritan Group	\$ 1,700.00			
	Tea Party Festival				
	Horizons	\$ 4,000.00			
	Earth Day Festival	\$ 1,000.00			
	Other requests	\$ 8,400.00			
			TOTAL		
					\$ 17,100.00

*Note While we fully encourage the Town to continue to support Horizons and Stones of the Chesapeake, Tea Party Festival, et al as well as many other note worthy organizations, but do not believe these should be considered under the heading of 'recreation' and a separate GL # for educational scholarships and tourism should be used

GL Code 80251					
Music in the Park					\$ 6,000.00

GL Code 80250					
Holiday Events					\$ 19,800.00
	Xmas Lights- repair & upgrade	\$ 1,500.00			
	Xmas lights- installation	\$ 1,500.00			
	Xmas decoration prizes	\$ 500.00			
	Fireworks	\$ 14,000.00			\$1,000.00
	DCA July 4	\$ 300.00			
	Various programs/flowers/etc	\$ 2,000.00			
	Other neighbor awards	\$ 300.00			

TOTAL					\$87,700.00
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NET **\$ 79,200.00** New submissions ####
\$ 41,600.00

* raised thru donations and entry fees ####- new budget submission