

Mayor and Council of Smithsburg, MD
Work Session Minutes
Tuesday, October 22, 2019

The Mayor and Council of Smithsburg, MD held a Work Session meeting at 7:00 PM on Tuesday, October 22, 2019 in the Town Hall Council Chambers. In attendance were Mayor Jack Kesselring, Council Members Dennis Wenthe, Donald Souders, Cassandra Weaver and Niel Smith. Council Member Hetherington was absent. Also in attendance was Town Manager Debra Smith, Clerk/Treasurer Justine Keadle and Chief Bruce DeGrange.

FY19 Audit Review – Cheryl Dodson and Kert Albright; Albright, Crumbacker Moul & Itell, LLC: the auditors reviewed highlights from the towns FY19 financial audit.

Statement of Net Position

Assets: Total assets experienced an **increase of \$971k (14.7%)** during the fiscal year ended June 30, 2019. Governmental Activities assets **increased \$28k**, primarily due to a net increase in capital assets of \$175k, an increase in intercompany balances of \$63k, and an increase in receivables of \$21k offset by a decrease in cash and certificates of deposit of \$230k. Business-Type Activities assets **increased \$943k** as a result of a net increase in capital assets of \$1.1m offset by decreases in intercompany balances of \$63k and cash and certificates of deposit of \$111k.

Liabilities: Total liabilities, **excluding long-term debt obligations, increased \$974k (248%)**. Governmental Activities liabilities experienced a **decrease of \$123k**, substantially due to the decrease in the accounts payable (\$136k) offset by an increase in accrued compensated absences (\$11k). Business-Type Activities total liabilities **increased \$1.1m**, primarily due to an increase in accounts payable related to construction in progress.

Total **long-term debt obligations increased \$335k** as a result of new debt for the purchase of the police station and water transmission main replacement construction project.

Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Fund

Revenues: Total revenue **increased \$111k (8.4%)**. The increase is primarily attributable to increases in property and income taxes (\$50k), parks and recreation income (\$23k), and highways and streets income (\$40k).

Expenditures: Total expenditures **increased \$103K (7%)**, primarily attributable to increases in public safety expenses (\$38k), highways and streets expenses (\$26k), and parks and recreation expenses (\$42k).

Statement of Revenues, Expenditures and Changes in Fund Balance- Proprietary Fund (Water & Sewer)

Revenues: Total revenue **increased \$76k (7%)** primarily due to increases in water and sewer fees.

Expenses: Total expenditures **increased \$390K (40%)** primarily due to increases in county sewer operating fees (\$351k), maintenance (\$19k), and purchased water (\$19k).

Net Position:

Overall Net Position **decreased \$354k (6%)** during FY2019 (decrease of \$139k Governmental and \$215k Business Type) compared to a decrease of \$47k during FY2018 and an increase of \$141k during FY2017.

Conclusion:

Unrestricted Net Position has **decreased** from \$2.04m at June 30, 2018 to **\$627k** at June 30, 2019. This overall decrease can be substantially attributed to the current year deficit of income over expenditures as well as the increase in net position invested in capital assets.

The Town's overall financial position remains good. Decreases in cash and certificates of deposit and increases in debt are due to the Town's investment in capital improvements. It is worth noting that the water fund had income from operations totaling \$88k while the sewer fund had a loss from operations of almost \$303k. The operating loss in the sewer fund appears to be an anomaly caused by extremely high county sewer operating fees; these fees alone exceeded sewer revenue for FY2019.

Smithsburg 2019 MS4 Progress Report – T. Manager Smith & Mike Hicks; EcoLand Solutions-Report is due October 31st. Currently waiting for a meeting to be scheduled with MDE. The reporting that is required extends from storm water management to the education of the public. The County currently inspects the town's storm water projects. The annual report is due October 31st.

MOU between BOCC and Smithsburg for Implementing the MS4 Permit – T. Manager Smith & Mike Hicks; EcoLand Solutions-Town Manager Debra Smith stated the county has been cooperating to assist the town with MS4 requirements to include training and storm water inspections. Mike Hicks stated the county is providing a lot of assistance with the MOU and taking the burden off of the town. His recommendation is to adopt the MOU. Council Member Souders inquired who the point of contact would be for any complaints. Debra Smith stated she would be for the time being until Public Works Director Austen McCarter is trained and update to date on the permitting. Council Member Weaver inquired if the towns' attorney had reviewed the MOU. Debra Smith stated the W.C. Attorney Andrew Bright participated in the discussion with the municipalities of Smithsburg, Boonsboro and Williamsport where all agreed to the terms of the MOU. The MOU would make it easier for us to comply with the permitting requirements and the county would allow us to use their information on our website to educate the public instead of the town having to create it ourselves. Council Member Weaver inquired if any future fees will be imposed. Debra Smith stated she did not feel the county would impose any fees later but that is not included in the scope of the current MOU agreement. Consensus of Council to place on the November Mayor and Council agenda.

Storm Water Issues – Mike Hicks; EcoLand Solutions-Mike Hicks reviews various storm water issues in town.

Emily Way: suggested putting the repairs for Emily Way out to bid. He recommends installing a drainage pipe that ties into a slotted drain line to resolve the issue.

Chips Court: is in need of heavy stream restoration. Council Member Souders stated there were several issues in the Chips Court Development that need to be looked at regarding the creek that runs through the development. He stated multiple changes due to development over the years have amplified the problem. The town will provide Mike Hicks with site plans for the development so he can review them.

Railroad Lane: Mike's recommendation is to have a full survey done and then have an engineering design to alleviate the flooding issue. Consensus to have Mike prepare a cost proposal for the engineering phase.

Potomac Edison Right of Way for Gazebo Electric – T. Manager Smith-Potomac Edison has requested an easement to install another transformer for the gazebo in Veterans Park and any further expansion in that area. Consensus to add to New Business agenda at the November Mayor and Council meeting.

Town Hall 2nd Floor Upgrade Update – T. Manager Smith-Debra Smith obtain a quote to upgrade the 2nd floor electric and lighting for rental use. The quote came in at \$4,500.00. The carpet is scheduled to be cleaned tomorrow and tables and chairs have been ordered and paid for by donation with the exception of \$400.00. Debra Smith's recommendation to table the electrical upgrades for discussion for the FY21 budget. The upstairs can be used for limited use at this time for SCAC events and a policy for use will need to be created. Mayor Kesselring is working on a possible donation for a refrigerator and microwave for the 2nd floor. Town Clerk/Treasurer Justine Keadle made calls to obtain insurance for the rental of the 2nd floor due to LGIT's limitations. Companies that were contacted would need to insure the entire building and not just the 2nd floor so the town will create a waiver for any non-town events. Council Member Weaver stated the town attorney should review the waiver. Consensus to add the item to the November work session.

Recording of Town Meetings – Mayor Kesselring-Mayor Kesselring stated the item will be tabled until budgeting time so we have an idea of what we would need to spend and consider a policy at that time. Citizens can record the meeting as long as there is no disruption of the meeting.

Parks Commission Member Application Request – T. Manager Smith-Received an application for Parks Commission from Jeanne Dinterman. The Parks Commission reviewed and approved the application. Item to be placed on the November Mayor and Council meeting agenda.

Public Information Act Request Policy and Fee Schedule – T. Manager Smith-Debra Smith presented information regarding the PIA policy and fee schedule. This would make PIA requests formal and the policy would be placed on the town's website. This would clean up the procedure and make sure we are in compliance. Debra Smith would be the designated person to handle PIA requests. Consensus to put on the November Mayor and Council meeting agenda.

Discussion of Employee Take Home Vehicle Policy- *Mayor Kesselring*-Replacement of the Public Works truck is about four months out and the Public Works Department is also currently using the Ford Explorer. Further discussion will be held at the November work session.

Proposed Sale of Town Police Cruiser - *Mayor Kesselring*-Mayor Kesselring proposed to put the unused police cruiser out to bid. The town will incur some fees to remove the siren package from the cruiser. Consensus to put the cruiser out to bid.

Annual Street Striping and Cross-walk Upgrades - *Mayor Kesselring and T. Manager Smith*-Jeter Paving will be in town on October 28th and 29th weather permitting. Street striping and cross walk painting was budgeted for FY20. Debra Smith stated State Highway Administration reached out to the town regarding taking back Main Street. A meeting is pending for later this month.

Citizen Comments:

Margie Gyurisin, 13 W. Water Street-Inquired if SHA would be taking back Water Street as well. Debra Smith stated just Main Street is up for discussion at the time being.

David Dan, 23 W. Water Street-Inquired if the new transformer would cost the town. Debra Smith stated no it would not. Mr. Dan offered to make a donation in regard to the recording. Mayor Kesselring stated we would let him know once we receive the bids. Inquired about the crosswalk signage and adding additional crosswalks in town. Mr. Dan suggesting adding crosswalks at the Veterans Park entrance and at the Smithsburg Market. Mayor Kesselring stated we will look into it.

John Renard, 39 S. C & P Lane-Provided an update on the gazebo project. The slab inspection is complete and will be laid tomorrow. The stone veneer will be coming in soon.

Mayor Kesselring stated the meeting that was previously scheduled for October 28th has been postponed. A letter will be sent out to residents providing all the background information regarding the utility changes. Council Member Wenthe stated the changes have been in the works for three years.

Meeting was adjourned at 8:05 PM.

Respectfully submitted,

Justine Keadle, Clerk/Treasurer