

COUNCIL OF TRAPPE
TRAPPE TOWN HALL
NOVEMBER 7, 2018

Council of Trappe Meeting: President Fegel called the meeting to order at 7:00 pm. Council members Nick Newnam, Tonya Pritchett, RD Diefenderfer and Walter Chase were present. Other attendees for the Town: Town Administrator Braband, Superintendent Callahan, Apprentice Wood, Attorney Booth and Lt. Bollinger from Talbot County Sheriff's Office. Public attendees: Bobby & Shirley Quidas, Don English, Wes Schuman, Kim Hardesty, Bobby Crosswell, Edgar Harrison, Ryan Showalter, Bob Rauch, Roy Geiser and Chris Polk.

Amendments to the Agenda: Commissioner Newnam made a motion to approve the agenda as presented. Commissioner Chase seconded the motion. All approved.

Presentation of Minutes: Commissioner Diefenderfer made a motion to approve the minutes as presented. Commissioner Newnam seconded the motion. All approved.

Clerk's Report: Administrator Braband presented the Clerk's report, the General Fund and the Enterprise Fund budgets that are filed in the records.

FY 17/18 Audit Presentation – Roy Geiser, TGM Group:

Mr. Geiser reviewed the Financial Report and Audit Communications with the Council and pointed out the following:

Financial Report –

Page 4 is the Audit report which states the auditing firms' highest level of assurance that the financials that were presented are free from any mistakes.

Pages 6 through 10 are the Management Discussion and Analysis which is a narrative of the overview of the Town as a whole.

Page 11 is the Statement of Net Position which shows the Town's total net position of \$1,508,479 of which \$853,914 is capital assets and \$654,562 is unrestricted.

Page 12 is the Statement of Activities which shows a change in net position of a positive \$38,168.

Page 18 is the Statement of Revenues, Expenses and Changes in Fund Net Position for the Enterprise Fund which shows an operating income of \$91,743. This means that the Town's treatment plant and water system are operating and creating enough revenue to do so. The Town's nonoperating expenses which were mostly interest expenses was \$74,603. This left a positive change in net position of \$17,140 for the year.

Page 29 shows the Town's long-term debts. The Town was able to refinance some old loans with DHCD

Town Council Minutes – November 7, 2018

Page 1 of 5

Infrastructure Bonds for a lower interest rate. In refinancing the Town was able to save an estimated \$28,000 in interest in one year. Page 30 shows the Town's long-term liability amortization schedule which states that the Town will spend \$1,344,923 in interest over the life of the loans. Last year's audit showed an interest expense of \$1,800,000 which means the Town saved almost \$500,000.00 in interest expenses over the life of the loans by refinancing them.

Audit Communications –

Page 4 states that no new accounting policies were adopted and there were no difficulties or disagreement with management during the audit.

Pages 8 – 9 state that the Town does have a segregation of duties deficiency due to the limited staff size. Mr. Geiser stated that this has been reported in previous audits and will continue to be reported because it is not cost effective for the Town to add enough additional staff to ensure complete segregation of duties in the finance department. Mr. Geiser stated that when the audit is being conducted TGM Group looks for mitigating factors that are in place. Some of the factors that the Town is currently doing include having the Council be actively involved, the Council reviewing the financials being reported monthly, reviewing the Town's bank reconciliations and asking questions. Commissioner Chase asked how the Town could correct this deficiency and Mr. Geiser stated that the Town could hire a full-time accountant to review the books daily or spend the money to hire at least 3 additional staff members. Attorney Booth stated that all town's that are Trappe's size will have this deficiency due to the expense of hiring enough staff to completely segregate all duties. Attorney Booth stated that TGM Group audits the Town yearly and the Town also has a second accounting firm, Accounting Strategies, that comes in twice a year to review all the finances. Commissioner Chase stated that he would like to see the Town work to correct this deficiency.

Page 11 shows the Town's net position. The Town's net position decreased in 2015, 2016 and 2017 but has increased in 2018. The Town had a decrease of 15% from 2015-2017 but had an increase of 3% for 2018.

Page 12 shows the Town's working capital levels. The Government Finance Officers Association (GFOA) recommends that a Town has at least 45 days' worth of working capital. For the last 4 years Trappe's working capital level was zero but now the Town has 61 days' worth. This is good news but the Town is not there yet and needs to continue to at least get back to the 15% that was lost since 2015. The Town has many infrastructure repairs that are needed and needs to save money for those repairs and be able to continue increasing the reserve funds for future projects. Mr. Geiser stated that the Council needs to remember this when setting water and sewer rates and continue on the path that the Town is on.

Mr. Geiser thanked Administrator Braband and the office staff for always being prepared and all their help to ensure another great audit year. Administrator Braband thanked Mr. Geiser and his auditing firm for making the audit process as easy as possible again this year.

COMMITTEE AND DEPARTMENT REPORTS

Talbot County Sheriff's Office: Lt. Bollinger read the October report that is filed in the records.

Town Council Minutes – November 7, 2018

Page 2 of 5

Public Works: Superintendent Callahan read his report that is filed in the records. Superintendent Callahan updated the Council on the issues that the Town's pumping stations are experiencing, particularly the 2 on Marvel Drive. Superintendent Callahan introduced Christopher Wood (CJ) to the Council and residents. CJ is the new Water/Wastewater Apprentice and started with the Town on October 8th.

Planning & Zoning: President Fegel stated that the Planning Commission is continuing to work on the Town's Comprehensive Plan update.

Communications: President Fegel read a letter from Jim Dawson, owner of Unicorn Book Shop asking that Mrs. Lois Baker be recognized by the Town for her efforts in keeping the Town streets clean of trash and debris. The Council decided to invite Mrs. Baker to the December Council meeting and present her with a Proclamation.

Attorney Updates: Attorney Booth stated that her items are listed on the agenda.

Executive Session: President Fegel stated that an executive session was held on October 3, 2018 to discuss a personnel matter and a session was held prior to tonight's Council meeting to discuss a contract matter and to obtain legal advice.

ORDER OF BUSINESS BEFORE THE COUNCIL

None

Other Business:

Lakeside Update – Bob Rauch:

Mr. Rauch stated that work has begun on the Lakeside project again and he has been directed by the developers, Rocks Engineering, to get to work. Mr. Rauch stated that the Rocks family has decided that they are done waiting and are taking on the project alone and not looking for a national builder anymore. This project was built on a PN plan concept and the developer would like to continue with that concept with only a few minor changes. The delay in the project has allowed a lot of technology to grow and with the new ENR technology the developer can scale their wastewater treatment plant efficiently and affordably to build and maintain a stand-alone plant. The developer is now able to grow the infrastructure with the project therefore there is never more infrastructure built than what is needed. This stand-alone plant will not be built with Town funds, the developer will fund the plant. Once the plant is completed it will be turned over to the Town when all requirements have been met. The development will add another water tower to the Town and the wells that have been drilled will be connected to the Town's system. There was a groundwater discharge permit for spray irrigation in place but that permit has since expired. This permit was done as a co-owner permit between the Town and the developer. Mr. Rauch has spoke with MDE and they are prepared to receive an application for renewal for the permit. Nothing has changed on the permit, it just needs to be renewed. Mr. Rauch asked if the Council would consider and agree to co-sign the renewal application. In doing so the Town is not committed to anything, it just starts the process. Other permits have also expired and need to be redone, such as the groundwater

appropriation permit, state highway entrance, non-tidal wetland permits, forestation, etc. Commissioner Pritchett made a motion to authorize the Council President to co-sign the groundwater discharge permit for spray irrigation with MDE. Commissioner Newnam seconded the motion.

VOTE:

Newnam – Y Fegel – Y Pritchett – Y Diefenderfer – Y Chase – Y

Motion approved.

Mr. Rauch stated that each step that the development needs to do will be brought before the Council for prior approval. The first step will be updating the PN plan with the modifications which the Council will be able to review and ensure that the plan is in the parameters and scope of the original PN. Mr. Rauch stated that 500 units will be the first PUD plan proposal to the Town. The first practical phase will include 50 units, building the streets, etc and it will proceed that way. Commissioner Diefenderfer stated that he would like the developers of Lakeside to remember this side of the Town and the problems that we have. Mr. Rauch stated that this plan is to only better the Town of Trappe and will hopefully start to ease some of the Town's problems. Mr. Croswell asked if the Town will be able to charge different sewer rates if Lakeside has 2 separate sewer plants. Attorney Booth stated that yes, a special sewer district will be established so that any expense or operating costs relating to the Lakeside plant will be paid by those residents only.

Wes Schuman – Moore Building Proposal:

Mr. Schuman stated that he is under contract with a due diligence clause to purchase the Moore Building and was told by the realtor that the Town may be interested in renting some space in the building for Town Hall. Mr. Schuman stated that all the renovations would be done by him and the Town could design their space to their specifications. Mr. Schuman presented the Council with a proposal and rental fees for each unit. Mr. Schuman stated that his intentions are to get a couple of tenants to secure leases before he will move forward with the purchase. If he is unable to secure tenants then it does not make sense for him to purchase it. President Fegel stated that the Town was at one time interested in purchasing the building but the finances didn't work out. President Fegel stated that it is hard to justify the expense of renting space in the Moore building when the Town owns the building they are in now and are mortgage/rent free. The other Council members agreed with President Fegel and decided they were not interested in renting space in the Moore Building. Mr. Schuman stated that the property behind the Moore Building has been approved for townhouses but he doesn't feel that townhouses are the best fit. Mr. Schuman stated that if he purchases the property, he would like to come back to the Town with changing that property to single family homes. Attorney Booth stated that the Planning Commission would have to discuss the proposal as it is 1 piece of property and it would have to be subdivided.

Infrastructure Projects and Financial Update:

President Fegel stated that the Council held a workshop prior to the Council meeting tonight and discussed the new well, the pumping station replacement/rehab project and the Main Street water line replacement. A consensus was made to continue to find more grant funding for these projects.

Commissioner Pritchett made a motion to authorize Administrator Braband to work with GMB to apply for additional funding for the pump station and Main Street projects. Commissioner Newnam seconded the motion.

VOTE:

Newnam – Y Fegel – Y Pritchett – Y Diefenderfer – Y Chase – Y

Motion approved.

ENR Upgrade Study Proposals:

President Fegel stated that the Town received 7 bids in regards to completing an ENR upgrade study and the results were as follows:

- Barton & Loguidice submitted a bid amount of \$37,440.00
- Whitman, Requardt & Associates submitted a bid amount of \$29,554.00
- Davis, Bowen & Friedel submitted a bid amount of \$24,364.46
- Century Engineering submitted a bid amount of \$95,131.00
- McCrone submitted a bid amount of \$55,000.38
- AECOM submitted a bid amount of \$108,255.00
- GMB submitted a bid amount of \$25,975.00

Attorney Booth stated that these bids are the engineering fees to do a Preliminary Environmental Report (PER) which is required to study alternatives to upgrade the existing treatment plant to ENR. This study is 100% grant funded by MDE so there is no expense to the Town. Commissioner Newnam made a motion to award the bid to GMB with a bid amount of \$25,975.00 contingent upon MDE approval. Commissioner Chase seconded the motion.

VOTE:

Newnam – Y Fegel – Y Pritchett – Y Diefenderfer – Y Chase – Y

Motion approved.

Public Questions/Comments:

Bobby Croswell – Mr. Croswell stated that his trash cans were not emptied completely again this week. Administrator Braband stated that she reported his complaint to Chesapeake Waste.

Kim Hardesty – Mrs. Hardesty stated that she was not made aware of the Nace’s Day Parade and the road closures and it made it hard for some of her clients to get to the salon. Mrs. Hardesty asked that all businesses be notified of any road closures prior to doing so.

No executive session is requested.

There being no further business to discuss, Commissioner Newnam made a motion at 8:09 pm to adjourn the meeting. Commissioner Diefenderfer seconded the motion and it was unanimously approved.

Respectfully submitted,

Erin Braband, Town Administrator/Clerk

Town Council Minutes – November 7, 2018

Page 5 of 5