

COUNCIL OF TRAPPE
TRAPPE TOWN HALL
APRIL 5, 2017

Lakeside DRRRA Good Faith Compliance Review – 6:30 pm: Ryan Showalter, attorney for Lakeside Development stated that this is the 4th report and this report is due every two years to review compliance with the DRRRA between the Town and the developer. Mr. Showalter stated that this report looks much like it has in prior years as the economy still has not recovered and the project is facing a great challenge of extending water and sewer across Rt. 50 and road entrances from Rt. 50. The capital outlay for the first phase is very large and it is difficult to get started. The gravel pit onsite still has an active mining permit and activity has been occurring the last 9 months to cut the slopes back to be consistent with the development plan. Mr. Showalter stated that the developers are continuing to meet with potential development partners and are looking at different ways to get the first step started. Commissioner Diefenderfer asked how much longer does the Town have to wait? Mr. Showalter stated that his clients want this project to happen as much as, if not more than, the Town and they are trying to use every resource at their disposal to get started. Mr. Showalter stated that between the last 2 reports one of things that has been done is a feasibility study to see if it made more sense to utilize the town's existing capacity and expand the existing wastewater plant or build another plant. The outcome of that study showed that it makes more sense to use the town's existing capacity and expand the current plant instead of building another plant. Mr. Showalter stated that the Town has not incurred any expenses to this point and has actually received money in additional tax revenue and the salaries of the police department and town planner are being paid by the developer. The Town's current debt is not due to any improvements or capacity increases to the plant for the development, the debt incurred was for the Town as it is now. The developers are not asking for the Town to spend any money to fund in anyway the development, improvements to the town for the development or upgrade the treatment plant to accommodate the development; any costs associated with the development will be paid by the developer as dictated in the DRRRA. Bobby Crosswell asked where the developers stand on the 60 million dollar bond issue that was to start the infrastructure. Mr. Showalter stated that the bond was renewed in 2015 and will be renewed in 2017 and could be used to put in the infrastructure but the challenge is getting the bonding agencies and potential investors to buy the bonds due to the housing market. Attorney Booth stated that the Council can adopt the proposed Resolution tonight during the regular meeting if they choose to do so.

Public Hearing – 6:45 pm: President Fegel opened the public hearing for Ordinance 3-2017 at 6:45 pm. President Fegel read Ordinance 3-2017 – An Ordinance of the Town of Trappe to amend Section 14 of the Trappe Town Code titled "Water and Sewer", table 1 titled "Fees and Charges" to increase the monthly water usage rate to \$3.84 per thousand gallons, and the monthly sewer usage rate to \$8.97 per thousand gallons and to increase the basic monthly water service charge for out-of-town properties to \$30.00 per month and the basic monthly sewer service charge for out-of-town properties to \$100.00 per month. Bud Reid asked if every property in Town was being billed separately. Administrator Braband stated that yes, every property and every unit within a property is being billed appropriately. If two

apartments are serviced by one water meter then that property is billed two basic service fees. Mr. Reid asked if it is a requirement for a new property to have separate water meters for each apartment when they are issued a building permit. Attorney Booth stated that new construction requires each unit to have a separate water meter and pay a separate base fee. Cheryl Lewis stated that the Town's taxes are very low and when you factor water and sewer charges and your tax rate when looking at a community to purchase a house in, the Town of Trappe is comparable. A house that costs \$150,000 in the Town would cost an average of \$200 a month for water/sewer and taxes. The same house bought in Denton would be \$251 a month, in Cambridge it would be \$275 a month and in Easton it would be \$156 but finding a house in Easton for \$150,000 is not easy. Based on the average costs of purchasing a house in Trappe the cost for water/sewer and taxes a month is \$261, Denton is \$282, Cambridge is \$278 and Easton is \$253 a month. Mrs. Lewis stated that she points this out because no matter which town you live in you will pay a tax bill and a water/sewer bill and when compared to other towns Trappe is actually lower than the others. Mrs. Lewis stated that she felt it was easier to pay a slightly higher monthly water and sewer bill than a large tax bill annually. Mrs. Lewis stated that she is in support of the water and sewer rates increasing. Scott Metje asked at what point during the year will the town re-evaluate the fees and see if the financial state of the Town is improving. Mr. Metje asked why the water and sewer rates are going up again when the fees just went up in January. President Fegel stated that the base rates went up in January and not the usage rates. Administrator Braband stated that the base rates were raised in January to cover the Town's fixed expenses and the usage rates are to cover the Town's variable expenses and the Town always planned to raise the usage rates July 1st. President Fegel stated that the Council decided to not raise the base rates and the usage rates at the same time to ease the impact on the residents. Administrator Braband stated that at the January 19th meeting it was discussed that the Council planned to increase the usage rates every July 1st and that is what is being proposed tonight. Bobby Croswell asked why the Council is proposing to charge double for out of town properties as he feels that the Town isn't incurring any additional expenses to be served. Attorney Booth stated that the Ordinance was in effect for a long time and then when Mr. Croswell was in office it was taken out. The law does allow for Town's to charge up to double the rates for out of town users. Attorney Booth stated that one of the reasons is that these properties are using Town water and sewer and it is intended to provide an incentive for these properties to be annexed into Town and contribute to the services of the Town by paying Town taxes. Mr. Croswell stated that some of the properties that are serviced out of town they are not able to come into Town because they are not contiguous to the Town. President Fegel stated that the Council did decide to not double the usage rates when they could have done so. Attorney Booth stated that an analysis was done and there are potential additional costs to servicing the out of town properties and that is why the Council chose to increase their rates. With no additional comments the public hearing was closed at 7:00 pm.

President Fegel opened the public hearing for Ordinance 4-2017 at 7:00 pm. President Fegel read Ordinance 4-2017 – An Ordinance of the Town of Trappe adopting a General Budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018, and establishing a tax rate of \$.33 per \$100 of assessed real property value and a tax rate of \$.54 per \$100 on all commercial or business personal property and

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public utilities; and establishing an annual fee of \$150 per residential household for trash collection services, and also adopting an Enterprise Budget for the Town's Water and Sewer operations. Cheryl Lewis stated that she has been asked by the fire department to represent them and their concern that there is not a donation to the fire department in the proposed budget. The President of the fire department was informed by the Town Council and he did relay the information to the fire department but they do not feel that it is fair even with the Town's current financial state. The Trappe fire department is a volunteer fire department, no one gets paid and all the members volunteer their time and services. The fire department only receives money by taxpayer funding which is from the Town and Talbot County and from doing fundraisers and donation drives. The fire department has to buy their own equipment and 1 fire truck alone can cost anywhere from \$500,000 to \$1,000,000. Mrs. Lewis stated that she finds it irresponsible for the Town to not use some of the taxpayer's money to fund the fire department. Mrs. Lewis stated that she has reviewed the budget and she feels that there are places that money can be taken from – for example the budget shows \$26,652 set aside for reserves and there is \$15,800 in the budget for board members. The fire department members feel that if they can volunteer their time then the Town's board members can volunteer one year of their time and use that money for the fire department donation. Mrs. Lewis stated that the members that are in attendance would be more than happy to speak if the Council would like to hear from all of them as well. Bobby Croswell stated that several years ago the Council increased the fire department's donation from \$5,000 to \$15,000 and then it was raised to \$30,000. Mr. Croswell stated that the motion was that the Council would give the fire department \$30,000.00 with \$15,000 being given in January and the remaining \$15,000 given in June if the funds were available. Mr. Croswell stated that the fire department is an important part of the Town and the taxpayers are only getting the benefit of a street light and 3 parks with their tax money if the fire department is not supported. Mr. Croswell stated that he reviewed the budget and the administrative costs are 33.6% of the budget and he suggests that 5% be cut from there and given to the fire department. The entire general budget is \$600,000 which means the fire department's \$30,000 donation is 1/2 of 1% of the budget. Scott Metje asked why there is a new trash bill of \$150 being charged. Administrator Braband stated that it is not a new bill; the current bill is \$167 a year and is charged in the real property tax bill. The Council is lowering the cost to \$150 a year. Mr. Croswell stated that the lines of credit have been used to repair the streets over the years but apparently the debt service is not being tracked per project therefore no debt service is being shown under streets. Mr. Croswell stated that he feels that residents that do not live on town maintained street should have their taxes subsidized for street repairs. Mr. Croswell asked what services and benefits do the businesses in Trappe get for paying business taxes. Bud Reid requested that the Council take a look at the budget and see if a donation can be made to the fire department. Scott Metje asked if the trash bill is being reduced why not keep the cost the same and give the difference to the fire department. With no additional comments the public hearing was closed at 7:15 pm.

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Council of Trappe Meeting: President Fegel called the regular meeting to order at 7:15 pm. Council members Rose Potter, Tonya Pritchett, RD Diefenderfer and Don English were present. Other attendees for the Town: Administrator Braband, Billing Clerk George, Chief Ball, Superintendent Callahan and Attorney Booth. Public attendees: Ryan Showalter, Bobby & Shirley Quidas, Walter Chase, Scott Metje, Billy Sard, Nick Newnam, Matt Burkhardt, Jason McDermott, Justin Firth, Ricky & Mandy Baker, Bud Reid, Bobby Crosswell, Johnny Foster, Cheryl Lewis, JM Schwaninger, Matt Dunn and Chris Polk.

Amendments to the Agenda: Commissioner Potter made a motion to approve the agenda with an amendment to add Resolution 1-2017. Commissioner English seconded the motion. All approved.

Presentation of Minutes: Commissioner English made a motion to approve the March 1, 2017 minutes as presented. Commissioner Potter seconded the motion. All approved.

Clerk's Report: Administrator Braband presented the Clerk's report, the general fund budget and the enterprise budgets that are filed in the records.

COMMITTEE AND DEPARTMENT RECORDS

Public Safety: Chief Ball read his report that is filed in his records.

Public Works: Superintendent Callahan read his report that is filed in the records.

Planning and Zoning: No report, Planner Shull is out tonight.

Parks and Recreation: As Commissioner of Parks, Commissioner Potter stated that Nace's Park is moving along nicely and should be finished before the dedication which is scheduled for April 29th at 10 am. Commissioner Potter invited everyone to attend.

Economic Development: President Fegel stated that a follow up meeting was held this morning regarding the results from the business meeting that was held on March 2nd by Talbot County Economic Development.

Communications: Nothing to report.

Attorney Updates: Attorney Booth updated the Council on some of the bills that she was working on and testifying on the Town's behalf in Annapolis. Senate Bill 397 - Income tax forgiveness bill has passed both houses and is awaiting Governor Hogan's signature which means the Town wouldn't have to pay back the \$284,000 income tax overpayment. Attorney Booth stated that she testified on Trappe's behalf on House Bill 384 which would expand the use of BRF funds to pay for up to 100% of a BNR and ENR upgrade for our treatment plant. The engineering study fees would also be covered 100%. House Bill 453 would have placed a moratorium for one year on municipalities being able to send properties to tax sale for unpaid water/sewer bills. This bill is also being opposed by MACO and MML.

Executive Session: No executive session was held on March 1, 2017. An executive session is requested following tonight's meeting for a personnel matter.

ORDER OF BUSINESS BEFORE THE COUNCIL

Ordinance 3-2017 – An Ordinance of the Town of Trappe to amend Section 14 of the Trappe Town Code titled “Water and Sewer”, table 1 titled “Fees and Charges” to increase the monthly water usage rate to \$3.84 per thousand gallons, and the monthly sewer usage rate \$8.97 per thousand gallons and to increase the basic monthly water service charge for out-of-town properties to \$30.00 per month and the basic monthly sewer service charge for out-of-town properties to \$100.00 per month was read by President Fegel. Attorney Booth stated that there is a typo on the monthly sewer rate in the text of the Ordinance itself and if adopted tonight the rate would be based on the \$8.97 fee that was advertised. Commissioner Potter made a motion to adopt Ordinance 3-2017. Commissioner English seconded the motion. Commissioner Diefenderfer asked if doubling the out of town customer’s fee was enough to cover any possible repairs. Commissioner Diefenderfer asked how the Council arrived at the charges that are proposed for usage rates as well. Administrator Braband stated that the usage rates were increased 7%. Bobby Croswell asked that the Council look at the out of town properties to see if those water/sewer lines are town lines or privately installed lines. Attorney Booth stated these are the types of issues that come up and the Town will never be able to cover every possibility.

Vote

Potter – Y Fegel – Y Pritchett – Y Diefenderfer – Y English – Y
All approved, motion carried.

Ordinance 4-2017 – An Ordinance of the Town of Trappe adopting a General Budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018, and establishing a tax rate of \$.33 per \$100 of assessed real property value and a tax rate of \$.54 per \$100 on all commercial or business personal property and public utilities; and establishing an annual fee of \$150 per residential household for trash collection services, and also adopting an Enterprise Budget for the Town’s Water and Sewer operations was read by President Fegel. Commissioner Diefenderfer stated that he felt the Council needed to find money in the budget to be able to give a donation to the fire department. Commissioner Diefenderfer stated that he feels that the Council should start by cutting their salary and he would like the Council to consider doing so. Commissioner Diefenderfer asked who is going to pay for the water bill at Nace’s Park. Commissioner Diefenderfer stated that the Town shouldn’t be paying to irrigate a park when they cannot afford to donate money to the fire department; this irrigation is a new cost and something that could be cut. Walter Chase asked how the public can compare next year’s proposed budget to the current year’s budget. Commissioner Pritchett stated that this was all discussed at the budget workshop. Bobby Croswell stated that the general budget should be cut by 1% and that will be enough money to give a donation to the fire department. Superintendent Callahan stated that the fire department was a huge help when the Town had a water leak on Main Street back in October and he would like to see the Council reconsider giving the fire department a donation. Cheryl Lewis stated that she would like the Council to consider using some of the reserve funds in the budget for a donation to the fire department. Mrs. Lewis requested to be notified of a budget workshop if the Council does not approve the budget tonight. President Fegel stated that the budget for the upcoming fiscal year was designed to focus on debt reduction as the Town’s lines of credit are currently maxed out. The Town’s

income tax has been drastically reduced therefore the Town has been forced to make cuts everywhere possible. President Fegel stated that a donation to the fire department was not put into the budget because the Council did not want to lock themselves into an amount and not have the funds to pay that amount. The Council would still like to give the fire department a donation and plan to review the budget when a supplemental budget is done in January and give a donation then if money allows. Mrs. Lewis stated that the debt the Town has is due to the water and sewer and it is not fair to remove an item from the general fund when the enterprise fund is the one struggling. Residents pay taxes to the general fund and that money should be used for general fund items and not to supplement the enterprise fund as it has been. Nick Newnam asked why the President of the fire department wasn't told that a donation might be made when the supplemental budget is done. President Fegel stated that he spoke with Ben Diefenderfer and told him the donation was being taken out of the budget but he failed to tell him that it would be revisited when the supplemental budget is done. Chief Ball stated that he has money in his portion of the budget for allied agency assistance and he is willing to give \$5,000 out of that money to the fire department as they are an allied agency for the police department. President Fegel asked the Council if they would like to adopt the budget this evening or would they like to send it back for review. Commissioner English made a motion to hold another budget workshop to review the budget and see if money can be found for a donation to the fire department. Commissioner Diefenderfer seconded the motion.

Vote

Potter – Y Fegel – Y Pritchett – Y Diefenderfer – Y English – Y

All approved, motion carried.

A budget workshop was set for April 10th at 5:00 pm.

Other Business:

Resolution 1-2017 – Good faith compliance review for the Lakeside Development Rights and Responsibilities Agreement was read by President Fegel. Attorney Booth stated that the Town previously entered into a Development Rights and Responsibilities Agreement and in the agreement the Town and the developer are required to come together every 2 years to do a good faith compliance review. Attorney Booth stated that with passing of this Resolution the Council would be acknowledging that the petitioner is demonstrating good faith compliance with the Lakeside DRRRA through today. The passing of this Resolution also gives the President of the Council the authority to issue an Estoppel Certificate memorializing that the petitioner is not in default of the DRRRA. Commissioner English made a motion to adopt Resolution 1-2017. Commissioner Pritchett seconded the motion.

Vote

Potter – Y Fegel – Y Pritchett – Y Diefenderfer – Y English – Y

All approved, motion carried.

President Fegel read the announcements.

Public Questions/Comments:

Walter Chase stated that the Talbot County Economic Development Commission meets tomorrow at 8 am at the Oxford Community Center.

Commissioner Diefenderfer made a motion to enter into executive session to discuss a personnel matter. Commissioner Potter seconded the motion. All approved. The Council entered into executive session at 8:04 pm.

At the conclusion of the closed session at 8:16 pm, Commissioner Potter made a motion to reconvene the open meeting which was seconded by Commissioner English and it was unanimously approved.

President Fegel stated that the Board of Appeals has an opening for a member and the Council decided to appoint Jim Thompson to fill the position. Commissioner Potter made a motion to appoint Jim Thompson to the Board of Appeals. Commissioner Pritchett seconded the motion and it was unanimously approved.

President Fegel stated that Matthew Seiler's probation comes to an end tomorrow. Commissioner Diefenderfer made a motion to remove Matt from probation and to give him an increase in pay. Commissioner Pritchett seconded the motion and it was unanimously approved.

There being no further business to discuss, Commissioner English made a motion at 8:17 pm to conclude the meeting which was seconded by Commissioner Diefenderfer and unanimously approved.

Erin Braband, Town Administrator/Clerk

Norm Fegel, Council President