



Commissioners of Leonardtown

41660 Courthouse Drive • P. O. Box 1, Leonardtown, Maryland 20650

301-475-9791 • FAX 301-475-5350

J. HARRY NORRIS III
Mayor

leonardtown.commissioners@verizon.net
leonardtown.somd.com

LASCHELLE E. MCKAY
Town Administrator

Commissioners of Leonardtown **Town Council Meeting Minutes** **December 12, 2011 ~ 4:00 P.M.**

Attendees: J. Harry Norris, Mayor
Walter Wise, Vice President
Daniel W. Burris, Councilmember
Thomas R. Collier, Councilmember
Roger L. Mattingly, Councilmember
Leslie Roberts, Councilmember

Also in attendance were: Laschelle McKay, Town Administrator; DeAnn Adler, Plans Reviewer; Teri Dimsey, Recording Secretary; Rebecca Sothoron, Treasurer; Jackie Post, Fiscal Clerk; Mary Ann Murray, Murray, Wamsley & Schrader; Larry Trader, Brewing Grounds; Andy Walker, Troop 303; Dick Meyers, The Baynet; Jessica Goolsby, The Enterprise. A complete list of attendees is on file at the Leonardtown Town Hall.

Councilmember Wise called the regularly scheduled meeting to order at 4:00 p.m. and called for the recitation of the Pledge of Allegiance.

Mayor Norris announced that The Brewing Grounds won the Best Dressed Window Award for the holiday season and asked Mr. Larry Trader, Owner, to come forward to accept his plaque.

Mr. Trader commented it was quite an honor and accepted the plaque from Mayor Norris.

Mayor Norris noted that there was a Boy Scout in the audience and asked him for his name.

Mr. Andy Walker responded that he is attending today to earn a Citizenship/Community Merit Badge. He is in Troop 303 from Valley Lee.

Mayor Norris welcomed him and his dad.

Approval of Minutes

The meeting minutes for the November 14, 2011 Town Council meeting were presented for approval.

Mayor Norris entertained a motion to accept the minutes as presented.

Councilmember Mattingly moved to approve the November 14, 2011 Town Council meeting minutes; seconded by Councilmember Collier; no further discussion, the motion passed unanimously.

Mayor Norris entertained a motion to accept the August 25, 2011 Executive Session minutes.

Councilmember Roberts moved to accept the Executive Session as presented; seconded by Councilmember Collier; no further discussion, motion passed unanimously.

Treasurer's Report – Rebecca Sothoron

Ms. Sothoron reported that no transfers were made from the operating account. We are 42% through the budget. We have received several revised assessment notices for some tax accounts and this does impact our property tax revenues but I do anticipate that we will meet the budget for property tax revenues. We did receive our first quarterly income tax distribution and it was higher this quarter than the same quarter last year. One of the accounts in Public Works appears to be significantly over budget. All of the expenses associated with the Hurricane Irene clean-up and repair had been allocated to Building and Grounds for tracking purposes. Mr. Wheatley has been working with a FEMA representative and has come to an agreement as to how much the Town will be reimbursed. Once payment from FEMA is received, it will go as a credit against all the expenses we incurred. A copy of the new utility form was placed in your packet and this will go out at the end of December if there are no problems, but with problems, it could be delayed a few days. We do anticipate a lot of phone calls regarding the new invoice.

Audit Report

Ms. Sothoron introduced Ms. Mary Ann Murray of Murray, Wamsley and Schrader to present the annual financial report. The summary highlights certain points that Ms. Murray will explain in more detail.

Ms. Murray reported that she has been conducting the audit for the Town over the last fourteen years. Ms. Murray reported that Ms. Sothoron has provided a financial summary for your review and will refer to it from time to time. Ms. Murray stated that she is pleased to report that the Town of Leonardtown received an unqualified opinion, which is also referred to as a clean opinion, which means the financial statements are properly stated in accordance with generally accepted accounting principles, and is the best report that you can receive.

The next section is the Management Discussion and Analysis. This is the one section that is very interesting and puts all of the information in the audit report into perspective as to what you were planning on doing budget wise, your future anticipated growth projections compared to the prior and current year. It is a lot of good information. Her ensuing presentation included a detailed analysis of the Basic Financial Statements. She also summarized the Report on Internal Controls and provided a brief description of the notes.

Ms. Murray noted that there were some changes in the net assets. For your governmental activities you had an increase in net assets for the year of \$311,827. This includes your General

Fund, your Capital Project Fund and a very small Special Revenue Fund. What is important to note is that you do have an increase in net assets but this is partially due to a donation of land of \$251,600 and a capital grant of close to \$153,000. These are things that obviously will not happen every year, so when you see an increase in net assets you have to keep in mind what else is involved in that number.

Likewise for the business type activities, you will see that you have an increase in net assets of \$1.7 million but a majority of that is due to capacity allocation of impact fees which are a restricted use type of revenue and also developers donated water and sewer assets that were valued at close to half a million dollars.

Ms. Murray remarked that in the Governmental Fund Balance Sheet, she wanted to point out that in the fund balances section in FY 2011 the Town implemented a new GASB Statement, GASB 54 and you are now classifying fund balances at the different types of classification. There are five types that can be used but the Town is currently using four.

Ms. Murray referred to the footnotes to the financial statements. These footnotes have been pretty consistent year to year but there are a couple things that are different in this fiscal year. It addresses the implementation to GASB 54 and a discussion regarding your fund balances and that you are now investing in the CDARS program, through Community Bank, as an investment vehicle for excess funds. Then there is the Commitment and Contingency footnotes that indicate you have signed a contract before year end noting that you will have funds expended in FY12. With regards to your subsequent events, which happened after June 30, 2011, the most important item is the new water and sewer rate structure.

Ms. Murray briefly summarized the required communication letter which addresses the responsibilities of management and the scope of the audit. The final management letter highlighted some items of concern: 1) an annual fixed asset inventory at the Town office but it has been addressed at the Wastewater Treatment Plant, 2) deposits at the bank have not been collateralized but once discovered by management this was reported to Council and corrected in a timely manner and 3) an updated Accounting and Purchasing Manual. Reference was made to the purchase order policy. This policy limits purchases to \$100, which is a very low dollar amount. A suggestion is to review this policy for effectiveness. A review of the bank reconciliations, other than the Treasurer, should be done in a timelier manner. None of these are serious enough to be considered reportable conditions, but processes that the Town should strive to implement.

Our final audit letter states that management is responsible for adopting sound accounting policies and we could see that new accounting policies have been adopted this past year nor did we encounter any difficulties with management in performing the audit. There are a few other comments for management's review.

Ms. Murray commented that the audit proceeded very smoothly and it is always a pleasure working with Ms. Sothoron and thanked Ms. Post and Ms. McKay for all of their assistance with the audit and said to please feel free to contact her with any questions.

Mayor Norris thanked Ms. Murray for her presentation and for providing such good service to the Town of Leonardtown for the past fourteen years.

Planning – DeAnn Adler

The Planning and Zoning meeting last month was held on November 28, 2011. We had two cases on the agenda:

Case # 81-11 – BLAP for Lots 202 thru 209 – Leonard’s Grant Phase 3 – the applicant, QBH, was seeking a boundary line adjustment plat for several small slivers of land in Phase 3. This project was approved.

Case # 78-11 - 25500 Point Lookout Road – St. Mary’s Hospital – The applicant was seeking a recommendation for a variance from the Leonardtown Signage ordinance for sizes and heights of new signage. There was also a request to add a digital LED sign at their entrance on Point Lookout Road. This project received a favorable recommendation for three of the signs, and a recommendation for the sign on Point Lookout Road to limit the size to 56 sq. feet and a height of 8 feet and to allow the L.E.D. sign.

This month’s Planning & Zoning meeting will be canceled as we have no cases to be heard.

Police Report – Mayor Norris

Sergeant Butler was unable to join us today but we do have his written report.

Town Administrator Report – Laschelle McKay

GHD Task Order 6 for Engineering Services for Expansion of WWTP Project- We have received the engineering services task order for the design, bid and construction services to complete the upgrade/expansion at the WWTP. We are still anticipating a completion date of June 2014. The scope takes into account the work completed in 2006/2007 and the additional needs based on the new alternatives. The total scope is \$723,600. Action is needed to authorize the Town Administrator to sign the scope of services to allow the project to continue.

Councilmember Roberts asked if this was all built into our budget.

Ms. Sothoron remarked that it is higher than what was budgeted. We thought that most of what we already spent would be the bulk of the total but it was not. We have a resolution that is on the books to borrow \$18 million. Hopefully that will do it but after the bidding comes in and these numbers are finalized we may have to come back and modify the total project budget. It is too early to know until we receive the bid information. We are collecting the money as connections happen that will help us to pay the debt service. The longer time goes we have more money to help and prove to MDE that we can afford the project. But it is premature to say how much over that \$18 million dollars we might be. The loan and grant proceeds will come back to the Town treasury as we are sort of advance funding this type of item.

Councilmember Roberts moved to authorize the Town Administrator to sign the Scope of Services of \$723,500 to allow the project to move forward; seconded by Councilmember Mattingly, no further discussion, motion passed unanimously.

Cable Franchise Renewal Discussion- In October of 1996 a public hearing was held and an ordinance was passed on February 10, 1997 granting Gans Communications, L.P. dba Metrocast Communications (previously American Cable TV) a fifteen year franchise for cable services within the town of Leonardtown. This franchise will be up for renewal on May 31, 2012. The franchise is non exclusive and gives Metrocast the authority to use public rights of ways for installation of equipment needed to provide essential public services to Leonardtown residents. Should another company desire to provide service in the area they could also be granted a franchise. St. Mary's County has a similar 15 year franchise agreement with Metrocast and also with Comcast in the north end of the County. We wanted to start some dialogue for some direction for moving forward with renegotiation of the franchise agreement. There are a few items to point out for your consideration and any ideas from the Town Council are welcome as we move forward.

- Currently we receive a 3% franchise fee from the agreement. The fee is received quarterly. This fee is passed directly to the consumer. The maximum fee by law is 5%, which is what the County receives. We can receive this fee on all services except internet, even ads placed by local merchants. We need to decide if we are going to keep it at 3%. We budgeted \$23,000 this year and received \$23,805 in FY10 and \$25,017 in FY11.
- We currently receive cable service for the Town office at no cost per the franchise agreement. Our internet is DSL through Verizon as well as our phone service. Metrocast provides all phone service to County buildings through their agreement (the County does pay for the service). Metrocast will be giving us a proposal to see if there are cost savings possibilities.
- We have spoken with their representatives about the possibility of adding WIFI in the Town Square and at the Wharf as part of the franchise agreement. We need wireless at the Wharf to get the new cameras installed and we have discussed being a wireless downtown previously so we may be able to get it as part of the franchise.
- In the early 2000's we received a number of complaints on service. In recent years we have not received any complaints. Many upgrades have been completed by Metrocast in the area in recent years.
- Leonard's Grant was Metrocasts first fiber optic neighborhood and it has gone very smoothly. We have discussed all the future developments in town and they plan on making them fiber optic neighborhoods as well.
- You have received a handout that the County provides that explains the Cable Services process. The rules and basic franchise are the same for the Town.

Mayor's Report

Mayor Norris stated that the famous singing group "The Platters" was in town to promote and assist with a benefit to fundraise for a group that will be providing a weekend of free dental service in June of 2012 at Chopticon High School.

Mayor Norris commented that he had lunch with The Platters, who were extremely excited about being in and playing for the Southern Marylanders. The Executive Inn and Suites at Park Avenue provide some complimentary rates as their donation toward the benefit.

Mayor Norris wanted to remind everyone to shop around Town during the holiday season. Leonardtown does have quite a diverse group of retail shops such as Corner Critters, the White Rabbit, Quality Street Kitchen and Catering, Antique Stores, Chez Nous, True Value, Frame-A-Lot, and Meadow Farms Nursery to name a few.

Council Reports

Events – Councilmember Mattingly

Councilmember Mattingly thanked Linda Shepherd for providing information for this report. Ms. Shepherd wanted to give special thanks to Tom Warren and Connie Pennington for organizing the Veterans Day Parade, along with the St. Mary's Sheriff's Department for their assistance with traffic.

Councilmember Mattingly noted that this year for Christmas on the Square, we saw the largest crowd we have ever had and he was not sure where they all parked, how they got in and got out but it did all go smoothly. Brewing Grounds won the Best Dressed Window and we would like to thank the St. Mary's County Sheriff's Department, Leonardtown Volunteer Fire Department, Leonardtown Business Association, Town Council and Town Staff for all their work and involvement.

December First Friday was a huge success. Many of the businesses commented it was the best First Friday ever.

Upcoming Events of Interest/Meeting Reminders:

Wed., December 14	5:30 PM	Chamber Business After Hours – @ Community Bank of Tri County (Leonardtown)
Sat., December 17	11 AM – 1 PM	Santa & Mrs. Claus on the Square
Fri., January 6	5 PM – 8 PM	Celebration of First Fridays in Leonardtown
Sun., January 8	Noon – 4 PM	Celebration of Second Sundays in Leonardtown

Economic Development – Councilmember Burris

Councilmember Burris reported that the LBA now has over 100 members and they continue to work on bringing in new businesses and creating ways to enhance business for the Town.

Streets and Roads – Councilmember Wise - No Report

Capital Projects – Councilmember Collier - No Report

MML/SMMA – Councilmember Robert

Councilmember Roberts reported that SMMA held their legislative dinner here in Leonardtown at the Executive Inn and Suites at Park Avenue. She thanked Ms. Dimsey and Mrs. McKay for organizing the event. We had Mac Middleton, Sally Jameson, Tony O’Donnell, Johnny Wood and Sue Kullen representing Senator Bed Cardin and Mayor’s from all over the State. Our SMMA business meeting will be held on Wednesday, January 4 hosted by the Town of La Plata.

Mayor Norris entertained a motion to adjourn.

Councilmember Burris moved to adjourn the meeting at 4:49 p.m.; Councilmember Wise seconded the motion, which passed unanimously.

Respectfully Submitted:

Teri P. Dimsey

Approved:

J. Harry Norris, III, Mayor

Walter Wise, Vice President

Daniel W. Burris, Councilmember

Thomas R. Collier, Councilmember

Roger L. Mattingly, Councilmember

Leslie E. Roberts, Councilmember