

**COUNTY COUNCIL OF CECIL COUNTY
WORK SESSION MINUTES
December 17, 2019**

PRESENT: Council Members: Robert Meffley, Jackie Gregory, William Coutz, Al Miller, and George Patchell; James Massey, Council Manager; Terry Hale, Council Assistant; members of the press; and members of the public.

OPEN SESSION – Elk Room

9:00 A.M. –Council President Meffley called the meeting to order at 9:00 a.m. and determined a quorum.

NOTE: The video and audio recording with transcription of this meeting is available on the County website www.ccgov.org.

Approval of Minutes

On a motion made by Councilman Coutz, seconded by Vice President Gregory, the Council moved to approve the minutes of the Council work session of December 10, 2019, as presented. Motion was approved unanimously.

Bond Rating Report

Al Wein, Director of Administration, introduced Joe Mason, Senior Vice President, and Jennifer Diercksen, First Vice President, from Davenport and Company, the county's financial advisory. Ms. Diercksen and Mr. Mason described their progress in meeting with representatives of Moody's Investors Service and Standard and Poor's Global Ratings on October 2, 2019; in order that the county's \$47M Consolidated Public Improvement Bonds of 2019 could be offered on November 20, 2019.

Ms. Diercksen stated that Moody's issued a rating of Aa2, based on the county's credit strengths, which included sound financial profile, conservative budgeting, and stable tax base with average socioeconomic factors. They listed the credit challenges of above average debt burden compared to national medians (due to Maryland's local school funding), and lack of balanced operations in wastewater fund. They cited factors that could lead to an upgrade, which included sustained tax base growth and demographic improvements, maintaining a structural balanced operations leading to growth in reserves in the general fund, and self-supporting utility funds with improved reserved positions.

Ms. Diercksen stated that Standard and Poor's issued a rating of AA+, based on the county's credit strengths, which included a strong economy, strong management with strong financial policies and practices, strong budget performance with operating surpluses in general fund and total government fund level in FY 18, strong budget flexibility with available fund balance of 18% of operating expenditures, strong liquidity, and strong debt and contingent liability profile. They listed the credit challenges of tempering the rating is the county's ability to foster ongoing economic development of land ownership within the county's major economic growth corridor. They cited factors that could lead to an upgrade, which included if the county were to experience

substantive economic growth leading to improved economic metrics commensurate with those of higher-rated peers, while maintaining strong budgetary performance and budgetary flexibility.

Ms. Diercksen and Mr. Mason reviewed future consideration for the county's credit rating in order to maintain and possibly improve the current credit ratings. These considerations included the continuation to support economic development along the growth corridor and throughout the county, maintenance of structurally balance budgets, growth of reserves to be more in line with national reserve median of 34.2% (county's 19%), maintain and adhere to improved financial policies adopted in FY 19 (including implementation of a formal five-year operating plan to keep strong management score, bring sewer system to self-supporting status by adjusting rates to help improve county's debt metrics, and continue to maintain manageable debt profile that adheres to county's adopted debt policies. Council questions and comments ensued.

FY 2020 First Quarterly Financial Projections

Rebecca Anderson, Budget Manager, and Lisa Saxton, Finance Director, presented the first quarter FY 2020 financial projections. They provided a written report as a summary.

Ms. Anderson reported that the first quarter projections finds the county's general fund with a favorable variance from the budget of over \$2M.

The projected net of all revenue streams is \$1.7M greater than budget. Real property taxes are expected to have a favorable variance of \$375,000, as reflected on real assessment data available at the time of budget formation. She stated that there was a potential for additional increase when new construction will be billed in January 2020. The county's income tax budget reflects a 1.2% increase over last year, which shows a favorable variance of \$1.2M. Ms. Anderson explained that this budget was uncertain on how the Federal Tax Cuts and Jobs Act (TCJA) was going to affect county income tax distribution attributable to the 2018 tax year. She explained that taxpayers paid more state tax because of the change in federal tax law, which resulted in additional income tax revenue to the county. She also explained that there was one of the highest capital gains in 2018, which increased distribution, but this is a one-time event. Comparing general fund revenues with last year, the county revenue is up over \$6.5M, because of the growth in assessments in real property and the growth in large business personal property tax collection. Projected expenditures are expected to approach but not equal the budget. Overall, she stated that over \$1M will not be spent in FY20. Expenditures increased by \$2.5M when compared to FY19.

Ms. Anderson provided the Cecil County Animal Services 1st trimester fiscal report for FY2020 and the 1st quarter live intake report for FY2020, which was prepared by David Trolio, Community Services Director. The report indicated live intake numbers of 957 animals, which included 214 dogs and 743 cats. In comparison with FY19 1st quarter, the live intake number was 942. He also indicated that salaries and personnel are predicted to be over budget for the 1st trimester fiscal expenditure, due to overtime and on call. He stated that the number of calls have dramatically increased to 1,949 in this calendar year. He stated that there is also a significant increase in the number of animal cruelty investigations involving criminal charges and the effort to address the feral cat population. He also stated that food supply costs have increased, adoption numbers have

decreased, and the length of stay has increased. Mr. Trolio stated that the amount of professional services has increased but can be offset with donations and foundation contributions.

The Landfill Fund is projecting a \$244,670 increase in operating revenues compared to budget and \$228,861 lower in expenditures. If this continues, the operating gain will be \$473,000 to the positive. If this continues, the fund will report an operating gain of \$473,531. The recycling market is volatile and may meet or exceed the budget, but landfill sales and user fees are trending above budget.

The Wastewater fund is projecting favorable operating revenue of \$37,770, and \$435,235 favorable projection of expenditures. Revenue continues to outpace actual receipts for FY19. There were no Council questions or comments.

Review of Legislative Agenda

Al Wein, Director of Administration, provided introductory comments on Bill No. 2019-21 Supplemental Appropriation – Fund Balance – Roads and Bridges Capital Budget – Belvidere Road Culvert Replacement. There were no Council questions or comments.

Al Wein, Director of Administration, provided introductory comments on Bill No. 2019-22 Supplemental Appropriation – Fund Balance – Roads and Bridges Capital Budget – Bethel Church Road Project. There were no Council questions or comments.

There were no administration comments on Bill No. 2019-23 Supplemental Appropriation – Fund Balance – Courthouse Capital Budget – Courtroom #3 Renovation Project. There were no Council questions or comments.

Eric Sennstrom, Director of Land Use and Development Services, and Devyn King, Planner, provided introductory comments on Resolution No. 74-2019 Roads - Renaming – Sandy Hill Way. Councilman Miller clarified the process of how a new addresses will be updated on maps and mailing lists.

There were no administration comments on Resolution No. 75-2019 Appointment—Economic Development Commission. There were no Council questions or comments.

Al Wein, Director of Administration, provided introductory comments on Resolution No. 76-2019 Supplemental Appropriation – Fund Balance – Volunteer Fire Service – Vehicle Replacement Program. There were no Council questions or comments.

Al Wein, Director of Administration, provided introductory comments on Resolution No. 77-2019 Supplemental Appropriation – Fund Balance –Cecil College – Small Capital Budget. There were no Council questions or comments.

Al Wein, Director of Administration, provided introductory comments on Resolution No. 78-2019 Supplemental Appropriation – Fund Balance –Maintenance and Repair. There were no Council questions or comments.

There were no administration comments on Resolution No. 79-2019 Appointment – Library Board of Trustees – Linda Burris. There were no Council questions or comments.

Resolution No. 64-2019 Surplus Property – Booth Street Maintenance Building – Town of Elkton, will be considered for approval at tonight’s session. Al Wein, Director of Administration, provided comments. There were no Council questions or comments.

Resolution No. 70-2019 Appointment – Electrical Examiners Board – Joshua Huegel, will be considered for approval at tonight’s session. There were no administration comments. There were no Council questions or comments.

Resolution No. 71-2019 Supplemental Appropriation – Grant Funds – Domestic Violence Department – Sex Trafficking, will be considered for approval at tonight’s session. There were no administration comments. There were no Council questions or comments.

Resolution No. 72-2019 Supplemental Appropriation – Grant Funds – Roads Department – Central Yard LED Lighting, will be considered for approval at tonight’s session. There were no administration comments. There were no Council questions or comments.

Resolution No. 73-2019 Supplemental Appropriation – Grant Funds – Roads Maintenance Department – Road Damage, will be considered for approval at tonight’s session. There were no administration comments. There were no Council questions or comments.

Under Old Business, there were no comments on Rezoning Case 2019-03 Wood Family Properties, LLC., which is scheduled for consideration at tonight’s session.

Cecil County Public Schools – Budget Amendment #69, in the amount of \$62,921 for expenses of November 2019; will be considered for approval at tonight’s session. There were no Council questions or comments.

Council Manager Report

Mr. Massey updated Council Members about the upcoming meetings and events.

Council Member Items

Councilman Patchell wished everyone a Merry Christmas and Happy New Year.

Councilman Miller attended the Fair Hill International 5 Star Christmas Holiday Open House and auction with Council President Meffley. He wished everyone a Merry Christmas and Happy New Year. He thanked Jim Massey and Terry Hale for their work on behalf of the Council.

Councilman Coutz wished everyone a Merry Christmas and Happy New Year. He thanked the audience for attending. He encouraged everyone to help the less fortunate over the holidays. He attended the Youth Empowerment Source fundraiser and commended the program that supports children, youth and families. He attended the Shop with a Cop program that matched 108 children

with 96 law enforcement officers to shop for Christmas gifts. He commended the officers for giving their volunteer time for this invaluable program.

Vice President Gregory wished everyone a Merry Christmas and Happy New Year. She attended the Shop with a Cop program with Councilman Coutz. She commended the volunteers who helped with the event. She attended Dexter House open house, a local crisis center. She attended the Youth Empowerment Source fundraiser and praised the group for their support of youth.

Council President Meffley wished everyone a Merry Christmas and Happy New Year. He related that Councilman Miller and he assisted at the Youth Empowerment Source fundraiser with serving beverages. He thanked the representatives of the Volunteer Fire Companies for attending today's session and expressed his pleasure that the county was able to provide additional funding for their vehicle needs. He stated that last weekend, he worked on decorating his own home. He thanked the audience for attending.

Adjournment

Vice President Gregory made a motion for adjournment, which was seconded by Councilman Coutz and approved by unanimous consent. Council President Meffley adjourned the work session at 9:50 a.m.

The next Council work session will be held on Tuesday, January 7, 2020 at 9am in the Elk Room of the County Administration Building.


James Massey
Council Manager

Approved:



Robert Meffley
Council President