

Town Council of Centreville

February 4, 2021

7:00 p.m.

MINUTES

The February 4, 2021 Town Council meeting was called to order at 7:00 p.m. by President Timothy E. McCluskey at the Liberty Building located at 107 N. Liberty Street, 2nd floor meeting room. The following members and staff were present: Timothy E. McCluskey, President; Steven K. Kline, Vice President; Robert R. Hardy, Jr., Jeffrey D. Kiel, and Shelby C. Anania, Members; Steve Walls, Town Manager; Chief Joe Saboury, Centreville Police Department; Clifford Matthews, Director of Public Works; Sharon VanEmburch, Town Attorney; Krystel Ebaugh, Human Resources Manager; and Carolyn Brinkley, Town Clerk.

- Following the Pledge of Allegiance and a moment of silence, Mr. Kline made a motion to approve the January 21, 2021 meeting minutes, as amended. Ms. Anania seconded the motion, which passed unanimously.

Citizens Comments

- No citizen comments provided.

Appearances

- a. Centreville Police Department – Ceremonial Swearing In
 - Dustin T. Schulz was sworn in as an Officer of the Centreville Police Department.
- b. Mary Margaret Revell Goodwin – Maryland Women’s Museum Update
 - Ms. Goodwin gave a presentation on the Maryland Women’s Museum and their current location at Locust Hill/Turpin Farm.

Old Business

- a. 2021 Fireworks
 - Ms. Brinkley stated there was nothing to report at this time.

New Business

- a. Resolution 01-2021 – Section V. Personnel Manual – Leave Donation
 - Ms. Ebaugh presented the following memo:

The Town of Centreville recognizes that employees may have a family medical emergency or be affected by a major disaster, resulting in a need for additional time off in excess of their available sick/personal time. The policy #300-102 and Personnel Manual Resolution 01-2021 included with this memo were drafted to address this need.

Thank you for your consideration.

- Mr. Kline made a motion to approve Resolution 01-2021 for the purpose of amending the Town of Centreville Personnel Manual Rules and Regulations, Section V governing the operation for the Town of Centreville to amend specific policies as it relates to leave. Ms. Anania seconded the motion, which passed unanimously.
- b. Proposal to Update the Town of Centreville WWTP Expansion Preliminary Engineering Report
 - Mr. Matthews presented the following memo:

On July 20, 2017, the Town Council awarded Whitman Requardt’s bid, out of nine (9) received bids, to prepare a Preliminary Engineering Report (PER) for the expansion of the existing Wastewater Treatment Plant.

An update to Whitman Requardt’s 2017 report is needed based on updated operating data and required changes in the scope of the WWTP expansion project. Staff is requesting Council’s consideration to approve Whitman Requardt’s proposal to update the 2017 PER at a cost of \$14,920.
 - There was discussion regarding the need for this report and if it would require the Town to move forward with expanding the wastewater treatment plant (WWTP). Mr. Matthews explained that the Preliminary Engineering Report is needed to submit to MDE to decide whether the Town will consider moving forward with an expansion. This report does not bind the Town to expand but provides options.

- After further discussion, Mr. McCluskey made a motion to approve Whitman Requardt’s proposal to amend the existing contract to update the WWTP Expansion Preliminary Engineering Report at a cost of \$14,920. Mr. Hardy seconded the motion, which passed unanimously.
 - Mr. McCluskey stated that when introducing new legislation, it is recommended Council Members first bring up for discussion at the previous meeting under Council Roundtable. He asked if the Council wanted to wait and discuss Ordinance 01-2021 and Ordinance 02-2021 at Council Roundtable or would they like to move forward with first reading. By consensus, the Town Council requested to move forward with first readings.
- c. Ordinance 01-2021 – Agricultural Uses in Planned Business District (PBD) – First Reading
- Mr. McCluskey read Ordinance 01-2021 for the purpose of amending the Town of Centreville Zoning Ordinance, which is Chapter 170 of the Town Code, to add agriculture as a permitted use (subject to limitations contained herein) in the Planned Business District (PBD).
 - Ms. VanEmburch explained that Green Thumb Industries (GTI), located at the Centreville Business Park, has an existing processing facility with a small portion for growing. She stated they are proposing to expand their growing capabilities inside and outside. Currently, agriculture is not a permitted use in the PBD.
 - Mr. McCluskey requested this be placed on the February 17th Planning Commission agenda and schedule a public hearing.
- d. Ordinance 02-2021 – Text Amending: Moratorium: Accessory Structures over 400 S.F. – First Reading
- Mr. Kline read Ordinance 02-2021 for the purpose of adopting a temporary moratorium on the issuance of permits for accessory structures in excess of 400 square feet.
 - Mr. Kline stated this moratorium allows the Planning Commission time to develop language regulating accessory structures.
 - Mr. McCluskey requested this be placed on the February 17th Planning Commission agenda and schedule a public hearing.
- e. Tax Set-Off / Tax Differential
- Mr. McCluskey made the following presentation:

Tax Set off & Tax Differential

Town Council of Centreville
February 4, 2021

History

- Until FY2015, the County provided a direct payment to the municipalities in QAC, in the form of “aid to towns”. It was an arbitrary calculation based on a pot of money and it was allocated directly to the towns based on population (or assessed value). The last time Centreville received this was FY2014, and the amount was \$134,468.
 - There was no statutory basis for this grant, and each spring, the municipalities had to appear before the Commissioners to request this payment
 - From FY2010-FY2014, the payment to Centreville was \$134,468 per year
 - The equivalent of about 2.5 cents on the property tax rate

Year	Assessable Property Value	Assessed Value	Assessment Rate
2014	1,000,000,000	1,000,000,000	1.00%
2015	1,000,000,000	1,000,000,000	1.00%
2016	1,000,000,000	1,000,000,000	1.00%
2017	1,000,000,000	1,000,000,000	1.00%
2018	1,000,000,000	1,000,000,000	1.00%
2019	1,000,000,000	1,000,000,000	1.00%
2020	1,000,000,000	1,000,000,000	1.00%
2021	1,000,000,000	1,000,000,000	1.00%

Why does this matter?

- QAC owns a significant amount of tax exempt real property in the town limits. As the County seat, this is understandable.
 - As of last year (2020), the County’s assessed value for property in the town limits is \$113,501,133.
 - If they were not tax exempt, their property tax burden would be \$459,680.
 - This equates to about 17% of all assessable real property in the Town limits.
- They consume services and use our infrastructure, but do not pay any taxes.

Official Definition:

Section 6-306 of the Tax Property Article of the Annotated Code of Maryland authorizes counties to grant a tax setoff for property within a municipal corporation;

WHEREAS, tax setoff is defined as:

- (1) the difference between the general county property tax rate and the property tax rate that is set for assessments of property in a municipal corporation; or
- (2) a payment to a municipal corporation to aid the municipal corporation in funding services or programs that are similar to county services and programs;

Centreville is the County Seat

These properties do not provide any property tax revenue to the town, but they do consume municipal services

- As the County Seat, Centreville has the largest share of government tax-exempt properties. A partial list includes:
 - Centreville Elementary School
 - Kennard Elementary School
 - Board of Education Building
 - Centreville Middle School
 - Centreville High School
 - Historic Courthouse
 - New Courthouse
 - Health Department
 - Liberty Building
 - Vincit Building
 - Sheriff’s Office
 - Detention Center



County Ordinance 13-28



- QAC passed an ordinance for a tax differential. This provided the opportunity for the municipalities to plead their case to the Commissioners on duplicate services. Essentially, the Town is providing services to its citizens that the County doesn’t have to provide, but the taxpayers are paying the County for these services (in addition to paying the town).
- QAC ordinance 13-28 Tax Set Off for Municipal Corporations
 - Approved unanimously by the Commissioners
 - It codified a formal tax set off
 - Defined the process for calculating the tax differential
 - Addressed the type of set off for each municipality, and
 - Provided the steps each municipality needed to take to request a set off

- That year, the County gave the municipalities the option of whether they wanted the payment to be directed to the Town budget (as in the past with the aid to Towns), or in a reduction to the County property tax rate.
- The exception was Centreville, where the Commissioners decided the entire amount would go to a reduced tax rate and none to the Town's budget.
- That year, the value of the tax differential was approximately \$272,000. The good news is that Centreville taxpayers got a 5.4 cent reduction in their overall property taxes. The bad news is that Centreville had a \$134,468 hole in the revenue side of our budget.

The Process

- Early in the calendar year, each municipality receives a spreadsheet from the County based on the services the County provides, and the associated tax burden on each service
- The municipality presents its percentage of each service duplicated and a justification for that service
- The County finance department meets with each municipality and they talk through the duplicate services, and the County ultimately decides on the percentage and the differential (NOTE: this year is different)

What services are duplicated?

- In our FY21 justification/spreadsheet, we cited the following duplicated services, and the percentage that the town provides, which the County doesn't need to provide:
- **Administration:** Legal Services (100%); Budget/Finance(100%), Human Resources(100%); Economic Development (75%), Tourism (75%) , Sanitary District Overhead (100%)
- **Planning & Zoning**(100%)
- **Public Works:** Administration and Engineering (100%), General Services(100%), Roads (100%), Weed Control (100%), Solid Waste(100%)
- **Parks**(100%)
- **Public Landings & Marinas**(100%)
- **Sheriff's Office** (100%) Volunteer Fire Companies (50%) ; Board of Elections (100%)

County Determination

- The County decides on an amount in their budget for tax set off, and then divides that amount by the municipalities. Some municipalities opt for a cash payment, some municipalities opt for a tax rate reduction
 - For example, in FY20, the Town provided justification for a differential worth \$1,056,168
 - The County decided on \$643,999
- There has always been a 'haircut'
- The County has the option to not provide a set off/differential at all, but they have provided a 'hold harmless' clause providing at least as much as the previous year, in the event of a lower municipal assessment

Results since the County approved The Tax Setoff Ordinance

- Each year Centreville has requested more than the County has provided
- Each year, the County has provided a differential to Centreville.
- Centreville has not asked to receive any cash payment as the differential, but has always received it in the form of a tax rate decrease to Centreville property owners.
- QAC tax rates in the Town of Centreville has gone from:
 - FY2014: \$.8471
 - FY2015: \$.793
 - FY2016: \$.7625
 - FY2017: \$.7520
 - FY2018: \$.7430
 - FY2019: \$.7345
 - FY2020: \$.7284
 - FY2021: \$.7295

Effects

- Because Centreville has never received any cash payment since the enactment of the Tax Set Off ordinance, we no longer receive any payment in lieu of taxes for County owned properties.
 - Annual average was \$134,468 prior to this legislation (about 2.5 cents on the property tax rate)
 - Cumulative deficit since FY14: \$1,072,000
 - If the County paid property tax on County owned properties, in FY21, that payment would be \$459,680
- Total property tax rate (QAC portion and TOC portion) has gone down from \$1.2271 in FY2014 to \$1.1345 in FY2021
 - Example: \$300,000 assessed property
 - FY2014: QAC rate \$.8471/\$100, TOC rate \$.38/\$100 (\$1.2271 total)
 - Total property tax \$3,681
 - FY2021: QAC rate \$.7295/\$100, TOC rate \$.405/\$100 (\$1.1345 total)
 - Total property tax \$3,401.5
 - Difference \$277
- Over time, the tax burden on all Centreville property tax payers has gone down, even with a town tax increase

The Numbers

- In FY2021, QAC's approved operating budget was \$143,830,540
 - The differential provided to Centreville was: \$677,845
 - The differential represents .047% of the county budget (less than 1/2 of 1% of the budget)
- **Population:**
 - QAC Population is approximately 50,000 people
 - TOC population is approximately 5,000 people (10% of county)
 - TOC daytime population increases to over 10,000 daily (school, government, courts)
- **Assessments:**
 - Centreville has 7% of the assessed value of all properties in QAC
- **County Budget Comparison to Centreville Differential (\$677,845):**
 - QAC Economic development budget: \$679,000
 - New vehicles for sheriff's department \$622,000
 - Airport budget \$636,000
 - Golf Course budget \$604,000

Recommendation

- Review spreadsheet from previous years. Speak with Town Manager and/or Finance Officer to understand duplicate services
- Attend COG meeting on March 10 (there will be no individual meetings with QAC Finance this year)
- Attend County Tax Set off meeting on March 23
- Request County provide a portion of set off back to the Town as a cash payment, and a portion as a tax reduction
 - Council should decide what this amount should be

- Mr. McCluskey recommended that over the next two weeks, Council Members speak with the Town Manager and Finance Officer about the tax differential and come back at the February 18th Town Council meeting and discuss the amount the Town wants to request from the County.

Correspondence

Mr. McCluskey reported that correspondence was received from a citizen regarding their utility bill.

Reports of Boards and Commissions

- Centreville Park Advisory Board
 - Ms. Anania stated the Park Advisory Board met on Zoom this past Tuesday however, she was unable to attend due to the Council's closed session. She will give a full report at the next Town Council meeting.
- Centreville Economic Development Authority
 - Mr. Kline requested that due to the status of CEDA, it be removed from the Town Council agenda for future updates.

- c. Council of Governments
 - Mr. Kiel reported that there are no updates at this time.
- d. Planning Commission
 - Mr. McCluskey reported that the Planning Commission has not met since the last Town Council meeting and has no update.
- e. Maryland Municipal League
 - Mr. Hardy reported that he spoke with MML regarding other municipalities' dog parks.

Reports of Department Heads

- a. Town Manager
 - Mr. Walls reported the following:
 - Working on the capital budget.
 - Attended Zoom meetings on development projects.
- b. Chief of Police Report
 - Chief Saboury reported the following:
 - With the hiring of Officer Schulz, the Police Department now has the highest level of staffing since September, 2020. There is one more officer position to fill.
 - Conducted multiple interviews for the Administrative Assistant position and hope to have a decision by the following week.
 - The application has been submitted for the LEOPS actuary study.
 - Signed an agreement on January 29th with Torchio Architects to complete an evaluation for the potential move to the Centreville Wharf building.
 - The third speed camera will be deployed on February 17th.
 - Traffic study has been completed on Commerce Street in front of Wye River Upper School and the application to the State Highway Administration has been submitted.
 - The January 2021 monthly report will be presented at the next Town Council meeting.

Citizens Forum

- No citizens provided comments.

Council Roundtable

- Ms. Anania asked where questions regarding potholes should be directed. Mr. Walls asked that all questions be directed to Mr. Matthews.
- Mr. Kiel gave praise to the Public Works Department for getting a water leak fixed during the snow the previous weekend. He asked if the owners of the old Wharton property could be contacted about cleaning up the property. Mr. Walls stated he has been in contact with them previously about cleaning up the property and would contact them again.
- Mr. Hardy stated he spoke with someone from the Queen Anne's County Parks and Recreation Department regarding the basketball court at Millstream Park. They are willing to take a look and give their professional opinion of what needs to be done to fix it up. He asked when the lights/electric would be installed at the Centreville Wharf? Mr. Matthews reported the electrical contractor is working with the contractor that is replacing the boardwalk.
- Mr. McCluskey requested that a discussion be placed on the February 18th agenda to talk about the Carter Farm Development project. He asked Ms. VanEmburch to discuss a Developers Rights and Responsibilities Agreement (DRRA) vs a Public Works Agreement (PWA). He asked Ms. Brinkley to provide Ordinance 02-2015, the DRRA ordinance, and the TND ordinance as part of this discussion.

Motion to Adjourn

There being no further business, Mr. Hardy made a motion to adjourn the February 4, 2021 Town Council meeting. Mr. Kiel seconded the motion, which passed unanimously. The meeting adjourned at 8:42 p.m.

Respectfully submitted,

Carolyn M. Brinkley
Town Clerk

Council Action Items:

1. Approved the January 21, 2021 meeting minutes, as amended.
2. Approved Resolution 01-2021 for the purpose of amending the Town of Centreville Personnel Manual Rules and Regulations, Section V governing the operation for the Town of Centreville to amend specific policies as it relates to leave.
3. Approved Whitman Requardt's proposal to amend the existing contract to update the WWTP Expansion Preliminary Engineering Report at a cost of \$14,920.