

The Town of Rock Hall
Mayor's Annual Report – April 8, 2021
May 2019 thru March 2021

The last thing I said in the Election Forum of Candidates for Office in May of 2019 was “Let’s Get to Work!” And since being elected that is exactly what this administration has done. There have been many challenges along the way – some expected. COVID certainly was not! But we have been moving forward and will continue to do so on many fronts.

BUDGETING

Our first order of business was to involve the Council in the construction of the budget for FY20 from the ground up over the course of five Special Workshop meetings. There were no salary adjustments for employees and Council Members chose to forego their compensation. Of special significance was budgeting \$71,000 for the restoration of a fund balance of 5% in our General Fund. We needed to increase our real estate tax rate by \$.02 per \$100 of assessed value to \$.34 per \$100 of assessed to begin to do so. Utility rates were not increased. For FY20 the actual General Fund surplus was \$240,382 and fund balance increased by \$168,000 which was 13% of the year’s revenue. The Utility Fund had a net operating loss of \$51,166 mostly due to sewer line repair costs in excess of budget.

Our FY21 budget held expenses in line with FY20 except for a merit-based salary adjustment for employees as there had been none for the past three fiscal years. Council Members again chose to forego their compensation. A 5% fund balance increase was again budgeted. There was no increase in real estate tax or utility rates. As of March 31, 2021 the General Fund has a \$304,000 surplus which is \$104,000 ahead of budget expectations. The Utility Fund has a net operating loss of \$597 which is \$15,649 better than budget. Budget variances are subject to change between now and the end of the year due to timing differences and other unforeseen expenditures.

In working on our FY22 budget we may need to consider a real estate tax increase and a possible utility rate adjustment in light of expected increases in operating costs associated with necessary improvement projects that will be coming on line in the next few years.

Beginning in May of 2019 monthly transaction detail of the General Fund and Utility Fund checking accounts has been provided to the Council at their Business Meeting along with budget detail reports for their oversight of the Town’s revenues and expenses during the year.

PUBLIC WORKS

Next our focus turned to identifying operating problems at both the Town’s Water Plant and Sewer Plant. Partnering with SERCAP, the federally funded Southeast Rural Community Assistance Project that provides experienced public works operation and grant consultants to rural towns like ours, we tackled significant clarifier, well, alarm and delivery system issues in our Water Plant. Significant headworks, pumps, orbiter, and filter issues were identified in our Sewer Plant. And the 9 sewer pump stations in the Town were in chronic need of expensive repair. Despite the dedication of the Town’s operating staff over the years, the facilities’ age and wear and tear has outpaced their best efforts to fix things and keep going.

In order to move forward on all of these fronts we needed to also engage an engineering firm. An RFP process was necessary for the Sewer Plant project and an RFQ was needed to identify an On-Call engineer. Both were executed and GMB was contracted as the Town’s Project and On-Call Engineering firm.

Sewer Plant Operations

With terrific SERCAP and GMB support we began an ENR upgrade project for the Sewer Plant. Current estimates are that the project will cost between \$12 and \$17 million with state grant funding expected for half the cost. Low interest long term debt financing will need to be secured for the balance. We were able to get \$108,000 of funding for the replacement of two critical pumps in the plant carved out of the project’s grant funding and prioritized for immediate action. Those pumps came online this week!

The engineering plan for the rest of the plant’s upgrades is expected to be completed and preliminarily approved by the state in the next few weeks, after which it will be presented to Council for final sign off. Completion of the upgrade will take until 2024.

Immediate improvement costs that need to be made to the plant’s headworks (\$190,000) and filtration (\$200,000) systems will not be covered by the project or its funding sources.

A tractor at the sewer plant needed to be replaced this year. Cost was \$24,400 which was financed.

Water Plant Operations

Stabilization of the water plant was a simultaneous order of business. The gear box on top of the clarifier had to be repaired (\$7,000), malfunctions of a well alarm (\$10,000) and VFD controller (\$10,000) needed to be addressed, two meters needed to be installed to track well and plant production (\$5,000), and the plant's chemical treatment processes reevaluated, and its powder lime and alum delivery system converted to liquid caustic and aluminum chloralhydrate (\$5,000).

All of this has been accomplished to stabilize the plant's water output, but the replacement of water lines in the streets remains a major project that needs to be dealt with. The design of our system of lines, in combination with their age, type of line, and the high iron content of our well water continues to frustrate residents with periodic brown water. A solution to this situation is, and will continue be, the highest priority for the Town until a solution is found. Research and studies are on going as is the development of an engineering plan for a system wide project solution. We hope to have a better idea of a timeline for implementation of what is needed sometime in the next couple of months. Current estimates are that upgrades needed to the plant could cost as much as \$15 million and street line replacements where needed an additional \$10 million. Federal grants and loans would be sought to fund these projects.

Automation of Water Meters

A third major public works related project that was started in June of 2019 was to upgrade to automated water meters (an AMI system) which will include a new utility billing software. Both cost savings and improved billing services to residents are anticipated as potential water leaks at a residence will be able to be detected on a daily basis.

Again, SERCAP and GMB have played a major role in developing the plan for this project and securing both state grant and loan funding for this project. Installation of new meters and some meter pits is expected to begin next month. About 150 lateral lines on Sharp Street will also be replaced as part of the project in an effort to reduce brown water in that area. The project is expected to be completed by November of this year. The cost of this project is estimated to be \$1million funded by \$500,000 in state grants, \$250,000 principal forgiveness on a \$500,000 SLRF state loan and \$250,000 by new Town debt service.

Sewer Pump Stations

The Town's 9 sewer pumps are currently costing an average of \$45,000 a year in repairs due to their age and effectiveness. The estimated cost to replacement the pumps is \$4.5 million which would be funded by state grants and loans. Planning for this project has not yet been started although there is a possibility we may be able to tie it into the Sewer Plant ENR Upgrade project. Four of the pumps are in serious need of immediate replacement (\$2 million).

Sewer Lines and Storm Water Management

We have experienced an increase in sewer line breakdowns due to age and type of lines that were installed over the years. Repairs have cost \$95,000 over the past two years. In addition, we need to tackle town wide ditch restoration to reduce street and residence flooding, as well as the amount of rainwater getting into our sewer system for processing. Planning for these projects has not yet been started.

Streets

The State is responsible for all maintenance and repairs to Rt20 and Main Street as they are state highways. Many of our Town streets are in need of repair and replacement. For those in need of replacement the estimated cost is \$1.5 million. Costs of current needed street repairs are estimated to be \$10,000. The town will continue to work within its budget to address street repair priorities. The search for funding sources for major work is ongoing.

Utility Rate Study

In late 2019 the Town began working with SERCAP on a utility rate study. Several billing structure alternatives were considered. The study was tabled until data from the new automated billing system was available which should be this fall. An interim temporary rate adjustment may be considered if warranted in doing the FY22 Utility Fund budget.

ADMINISTRATION

Town Manager

In the first year of this administration a new Town Manager with a strong engineering background was hired. His experience has been key to progress and dealing with the many challenges in the Public Works operations over the past two years.

Planning & Zoning

We also contracted with an experienced professional Planning and Zoning Administrator as Kent County advised the Town that it would no longer support the Town's planning and zoning administration needs effective June 30, 2019. Working with the community on the transition in planning and zoning perspective on application of regulations has been a work in progress for everyone involved. Expansion of regulatory and map information on the Town's website is underway.

The Administrator will be working with the Town's Planning and Zoning Board on recommendations to update the Town's 10 Year Comprehensive plan this year. Interest in annexation has been expressed by a developer in the past year but no formal action has yet been requested.

Grants and Grant Writing

In addition, we contracted with an experienced professional Grant Writer to support our need to secure grants on multiple critical non-public works projects. These projects have included replacement of the Town Hall roof (\$500,000), Purchase of Mower and Trailer Equipment for the Streets Department (\$25,000), Beach Grass for Ferry Park (\$8,000), Community Center Drainage Improvement, (\$220,000), and Heritage Preservation and Tourism Development (\$20,000). Awards on all of these grants will be announced between June and October of this year. Once received projects will begin.

SERCAP has been assisting us for the past year in completing an income survey of all users of our water and sewer systems in order to qualify to apply for **annual** Community Development Block Grants (CDBG) of \$800,000. This is critical not only to support part of the funding of our current water and sewer plant projects but also other community-based projects. At this point we have accomplished an 68% response to our survey. We have done two mailings and hired two Census takers to do door knocking work. Unfortunately, COVID impacted our progress on this project. We are currently working on a mailing with the help of the County to residents outside of Town that use our systems. We hope to complete this in time for the next grant application round in June of this year.

PUBLIC SAFETY

There was no turnover or increase in staffing of our Police Department in the last two years. While crime related activity saw a slight downturn, drug related activity and overdoses unfortunately increased. Our Officers have saved quite a few lives administering Narcan on the scene of many of the overdose situations.

The Department continues to be actively involved with our elementary school, providing daily security at the beginning and end school days, and interacting with school children both in classrooms and during lunch periods as COVID restrictions have permitted. Event related safety was professionally managed for the 2019 summer season as were the unique COVID related challenges in lieu of events during 2020. At least one police vehicle will need to be replaced this year.

TRANSPORTATION

At the end of the summer of 2019, the Council decided that the trams needed to be taken out of service for safety reasons. A Transportation Task Force was formed and just before COVID hit the Town was ready to purchase a \$120,000 new Trolley. Unfortunately, that trigger was not pulled due to the uncertainty of the impact COVID restrictions would have on events and tourism for the summer of 2020. A transportation solution for the coming summer is again under discussion.

MUSEUM & HERITAGE TOURISM

The Rock Hall Heritage Steering Committee was formed pre COVID to raise the visibility and interest in our Museum and wide array of artifacts and collections throughout the Town for both preservation and tourism purposes. Members of the Steering Committee brought together knowledge and expertise in fundraising, organization, publicity and our heritage and history. The Steering Committee's initial strategy of small events was shelved due to COVID until this past November when the Committee restarted with a focus on re-establishing the Town's Museum Board which is now back in place. The Town and Museum Board have applied to MHAA for half of the above referenced \$20,000 grant to support contracting an independent professional consultant to develop and

implement plans for long term show casing of collections both in storage and currently available to the public. We have been told the grant has ranked well with MHAA. Awards will be announced in June of this year. We expect the planning and execution of this project to extend into the spring of next year.

REFINANCING

On the financial side of things, significant work was done this year on debt refinancing and debt service for potential future needs in connection with gap funding on certain projects. Three bond resolutions were passed by Council allowing the Council to borrow up to \$810,000 to refinance existing debt at lower interest rates, up to \$669,00 for the Water Meter Automation project, and up to \$800,000 the Town Hall Roof and Water and Sewer plant critical projects. RFP's are currently being drafted to solicit bids from financial institutions for these potential loans. Borrowing action will probably be within the next six to twelve months to the extent needed. A line of credit is also in the process of being arranged to support the timing of cash requirements in advance of funding receipts on projects.

AUDITS

Key to both grants and financing alternative are the annual audited financial statements of the Town. The financial audit reports for the Town for FY19 and FY20 have been completed with few exceptions noted, all of which management has responded to and agreed to consider implementation of recommended corrective actions.

GOVERNANCE

Besides the bond ordinances referenced above resolutions and ordinances were passed dealing with increases in permit fees, contractors' permission for work performed within the town, special events permits and council member residency requirements while in office.

COUNTY ISSUES

County challenges over the past two years have centered on the water service agreement between the Town and the County for service to surrounding county residents, and the County's discontinued grinding support of the Town's brush pile which led to its closure last fall. Both of these issues have been, and will continue to be, worked on until resolved in the next month or so.

EVENTS

And finally, as we begin to see opportunity to move forward after COVID, discussion of events for this summer and next are underway. While the events of the summer of 2019 were as successful as in years past – all events for the summer of 2020 were shut down due to COVID restrictions. We look forward to re-establishing the Town and community partnerships that make Rock Hall the special place that it is for residents and visitor alike. An Events Conversation Gathering was recently hosted with the Greater Rock Hall Business Association which yielded a full calendar of plans for this year that has been posted to the Town website and elsewhere.

OTHER NOTES

The Town Hall has been closed to the public since April of 2020 due to COVID restrictions. The Council has held meetings in the Town Hall with the public attending virtually. Additional computer and communication equipment was purchased to support these meetings, funded by state CARES Act money. A total of \$62,583 was received in CARES Act funding as reimbursement for costs incurred by the Town in connection with COVID.

The Mayor has been participating in weekly Emergency Management virtual meetings with the Kent County Health Department and other County wide agencies and municipalities since last Spring in connection with the COVID pandemic. Information from those meetings was shared with the community at all Town Council meetings and also updated on the Towns website and sign boards in the Town.

An update of the Town's personnel policy is underway as is the establishment of an Ethics Committee as allowed for in the Town Charter.

Think Big is working on providing internet connections for residents and business to the fiber optic network installed by the County two years ago. Kent County is the only County on the Eastern Shore with a fiber optic network which should translate to an advantage for people to live and visit Rock Hall now that COVID has introduced remote communication and operating alternative to our lifestyle.

An audit of the Town's power sources and uses is planned for this coming year to ascertain possible cost savings.

The Town visitor page of the Town website is being updated to cover event plans as they come back online. Re-establishing a Museum page is a priority. Reduced staffing in the Treasurer's office and additional workload associated with supporting the Planning and Zoning Administrator have slowed the updating process of the Town side of the website.

And FINALLY . . .

A lot of work has been done in the past two years on many fronts with much more ahead of us. I want to personally thank Council Members and all of our Town employees and supporting contract consultants who have put in tremendous hours to make it all happen.

It is all For the Good of the Town – the Pearl of the Chesapeake!

Respectfully Submitted,

A handwritten signature in cursive script that reads "Dawn".

Dawn Jacobs
Mayor