

Townsend Workshop Minutes
January 29, 2014

Public Hearing: 7:00 pm

- I. Call to Order:** 7:01 pm
 - a. Roll Call: Mayor Jermaine Hatton, CM John Ness, CW Lorraine Gorman, CM Rudy Sutton, TE Owen Hyne, TM Dawson Green, TC Cathy Beaver
 - b. Visitors: Debbie Horn
 - c. Pledge: Pledge was said.
 - II. Final reading of Ordinance No. 14-01, Appointing of the Town Manager** – Mayor Jermaine Hatton
 - a. CM Ness motioned, CM Sutton seconded with unanimous vote to read by title only.
 - b. CM Ness read the title and synopsis of Ordinance No. 14-01.
 - III. Public Comments:**
 - a. There were no public comments.
 - b. CM Ness motioned, CW Gorman seconded with unanimous vote to adopt Ordinance No. 14-01 during the Council meeting.
 - IV. Adjournment:** 7:05 pm, CM Ness motioned, CW Gorman seconded with unanimous vote.
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Workshop: 7:10 pm

- I. Call to Order:** 7:10 pm
- II. Opening Ceremonies**
 - a. Roll Call: Mayor Jermaine Hatton, CM John Ness, CW Lorraine Gorman, CM Rudy Sutton, TE Owen Hyne, TM Dawson Green, TC Cathy Beaver
 - b. Recognition of Visitors: Debbie Horn
 - c. Pledge of Allegiance: Pledge was said.
 - d. Announcements:
 - o Town Hall is closed Monday, February 17, 2014 for Presidents Day
- III. Additions/Deletions to Published Agenda**
 - a. CW Gorman added voter registration dates and times under new business.
 - b. CM Ness added Townsend Police Force under the public safety committee.
 - c. CM Ness motioned, CW Gorman seconded with unanimous vote to accept the agenda with the two additions.
- IV. Audit Review** – Debbie Horn
 - a. Debbie started by stating the auditor’s report outlines audit responsibilities to the Town and testing to ensure everything is being done correctly to protect the Town. It is the Town’s responsibility to ensure there are sound internal controls and proper books and records and checks and balances and to make sure things are kept in good order. The testing is judgmental, we can’t test everything. We do it to determine if things are reasonably stated in accordance with general accounting principles. We confirm the cash balance, look at bank recs, testing on some receivable accounts, testing in the trash billing area and selective expense testing like professional fees and items added to assets. The audit is an unmodified report which means it is a clean opinion, however we do make recommendations.
 - b. Debbie discussed the numbers in the audit. The Town has a little over 2 million in investments and a total of 4.1 million in assets and a positive net asset. Debbie recommended Council keep in mind when working on the yearly budget that we have no control over transfer taxes, they depend on the economy. She has seen this number higher and lower in past years but overall feels that financially the Town did really well this year.
 - c. Trash is showed as a business type activity. Bad debt allowance is \$100,000.00. The reason this is so high is there are a lot of older account balances in the trash receivables. They are many years of customers who bilked the Town of trash fees and the books are still showing it as a receivable. As of yet, no one has made the decision to just write it off. Once you get further along in the new system, maybe Council can address how you are going to collect those receivables.
 - d. Debbie said they feel segregation of duties is still a concern. The Town has one person that can take all money in, process all money and do all the deposits and reconciliation and reports. There are some compensations, the Mayor looks at bank activity online and logs into the Edmond system and there is the mail log.

However, allowing these functions to be controlled by the same person increases the risk that errors or misappropriation could occur and go undetected.

- e. CW Gorman asked Debbie if she felt there was more needed.
- f. Debbie said she feels it would be beneficial for TM Green to be cross trained.
- g. Mayor Hatton said the cross training has already started.
- h. Debbie added that you don't want all the control with one person, not necessarily that the person will misappropriate the funds but if the person was out for a length of time you need someone to do the job.
- i. Debbie is still making a fair amount of adjustments to get the books in order to enable them to issue the financial statements. She stated she feels Azure could really benefit from some additional training in the proper governmental fund accounting. The Town is paying more for the yearly audit because you are paying us to adjust the books.
- j. CW Gorman said the last 3 or 4 years there have been 30 or more journal adjustments. She asked if they are all the same type and asked for specifics on them.
- k. Debbie stated they are the same. As an example, the police bill for June may not come in until July. Azure puts it in for July and it belongs in June and she should put it as a payable for June which is the proper pay period.
- l. Mayor Hatton said there are probably several bills like that because they are billed a month behind and Azure put it in on the day it was received rather than in the budgeted month.
- m. Debbie added she doesn't believe Azure has any knowledge level of the allowance accounts so the Town relies on her to assist with the determination. All of the investment activity for the year is recorded by us during the audit because it isn't recorded throughout the year as a journal entry as it should be. These are some of the examples.
- n. CW Gorman asked if it is being done now.
- o. Mayor Hatton said when they sat with Debbie three weeks ago she gave us the name of a place where Azure can get a governmental accounting course online. Would like to have Council appropriate money to get Azure in these classes. I think if we spend the money now, it will save money on the audits.
- p. Debbie said the bank reconciliations are being done several months behind. When there is a gap like that you can't always remember everything that happened in that particular month.
- q. CM Ness asked if this is better now.
- r. Mayor Hatton said it is getting better; Azure is catching up from about 6 months ago.
- s. CW Gorman said this has been going on for years. She added there should be a specific date that every bank statement should be reconciled by.
- t. Mayor Hatton said the good thing about the Edmond system is it will do a lot of the reconciliation for you and we can get bank statements online now as soon as they are ready.
- u. CM Ness asked if Azure is behind because of the new software.
- v. Mayor Hatton said no, it just wasn't being done.
- w. CW Gorman asked if a time limit is being put on this being done.
- x. Mayor Hatton said he asked that this be cleaned up within the next 60 days. Not sure if it will be with everything else that has to be done.
- y. CW Gorman asked if going forward, once this is done, will there be a deadline for the reconciliation to be done.
- z. Mayor Hatton said yes. He added that by the 15th of each month it should be done.
- aa. Debbie said there was also an issue of outstanding checks.
- bb. CM Ness asked what this is.
- cc. Mayor Hatton stated checks were coming in but not being taken to the bank but we have fixed that. Checks can now be scanned here in the office and we do remote deposits.
- dd. CM Ness asked if the growth opportunities are in general accounting basics or governmental accounting.
- ee. Debbie said they are both, which she feels Azure needs.
- ff. Mayor Hatton agreed and said not only would he like Azure to get this training, he would like to have TM Green get the training also. Then there is more of an eye on the process, Council isn't here enough to look at it.

gg. Debbie said the other comments pertain to procedural issues, example would be having a past due utility/tax policy, when does someone get a letter, when do they get turned over to collections, etc. This is happening but not in any formal way. Procedures need written and adhered to.

hh. Mayor Hatton said this is on the agenda tonight.

ii. Debbie stated long range planning is important. Currently Council only does a one year budget but with what the Town wants to do in the future we need long range planning to figure out where the money is coming from. Also feel Council needs to adopt a disaster recovery plan in case something was to happen to Town Hall and last feel you need to consider the adoption of a whistle blower policy.

jj. Debbie said there have been no changes in any of the accounting policies and procedures; we feel the financial statements are neutral and clear with the exception of some of the significant adjustments we had to make. We made a \$99,000 adjustment to the Metlife account, \$69,000 adjustment to the municipal park account, \$25,000 adjustment/correction to the sale of real estate on Commerce Street and the municipal street aid grant was mis-posted for \$24,000. These are the four large adjustments out of 30 adjustments we made during the audit.

kk. CM Ness asked if these were all mis-posted.

ll. Debbie stated they were not posted at all.

mm. Debbie said the more recommendations that Council can take pro-active steps and try to strengthen the issues would be best, some if the issues have been out there for years.

nn. Mayor Hatton said we eliminated some of the findings from last year, working on the rest.

V. Council Minutes

- a. Approval of December 18, 2013 Workshop minutes
- b. Approval of January 8, 2014 Council minutes
- c. CM Ness motioned, CM Sutton seconded with unanimous vote to approve the above minutes.

VI. Reports

- a. Fred Townsend III, Town Attorney – deleted
- b. Owen Hyne, Town Engineer

○ Reviewed all the contractors submittals for the streetscape and have sent them to DelDot for approval, had to clean it up some. The biggest concern was the turning radius from Commerce onto Main Street, widened that bump so large trucks can make the turn. The NTP has been issued so the contractor can start anytime and they have to notify all residents. Start date can be anytime.

○ The decorative benches and trash cans currently being installed per the plan have real wood slats but we have the option of upgrading them to synthetic wood which will be less maintenance in the future. There is no cost increase for the trash receptacles but the benches will be an additional \$1650.00.

○ Mayor Hatton asked if there is room in the budget to absorb that cost so the Town doesn't have to pay for it.

○ TE Hyne said there is room in the initial bid so the Town will not have any cost.

○ TM Green said there are 6 benches and Council needs to decide where to put them. He added that he doesn't think we should put benches in front of someone's house and we may not need all of them.

○ Mayor Hatton asked if the benches will be anchored in concrete and was told yes. The benches are 6' long.

○ TE Hyne added that if Council wants to remove some of the benches it is important to be decided now.

○ Mayor Hatton asked TM Green and CM Sutton to look at the area and make suggestions on where the benches should go. He asked that their recommendations be emailed to Council by Monday for review so it can be discussed at the Council meeting on 2/5/14.

○ TE Hyne said there are 3 properties with fences right up to the sidewalk and within the right-a-way. The sidewalks will be widened to the standard 6' width during the streetscape and Council needs to be aware of the fences and advise if you want the width of the sidewalks changed.

○ TM Green added that DelDot has continuously stated they are only responsible from curb to curb and the Town is responsible for everything else.

○ After a lengthy discussion on the sidewalk/fence/right-a-way issue, Mayor Hatton asked TE Hyne to email him the right-a-way measurement. He will talk to all three homeowners before the Council meeting if necessary. He isn't opposed to taking the fence down and putting it back up where it belongs.

○ TE Hyne stated DelDot will also have a say in this issue. It has to be compliant to DelDot requirements also.

- Mayor Hatton added all 3 residents are aware of the streetscape project.
- TE Hyne said work is stalled due to weather in TVI and TVII. He is in the process of drafting a letter to MS Development stating their escrow balance is depleted and they need to recharge it before any more work can be done. They are currently \$13,000 short and we are requesting an escrow of \$35,000 which will cover the shortage and what work they still have to do. Any money left in escrow after everything is complete will go back to them.
- TM Green said they have \$5,800 in escrow now but RVB bills total a little more than that.
- c. Dawson Green, Town Manager
 - Prior to last week's snow event DelDot had filled in a lot of pot holes and with all the snow removal they are back. Will call them again.
 - TM Green said we have a solicitors permit available (per ordinance) but there is a sign on Main Street saying "no soliciting permitted". He asked if Council had made a decision on allowing soliciting and taking the sign down, or not.
 - Mayor Hatton stated they have not made a decision. CM Sutton is working on it and will make a recommendation.
 - TM Green said the Victorian sign across from the fire company has disappeared. While plowing this morning Mr. Hargrove knocked down the Town Hall sign in front of the building. Didn't hurt the sign; only have to replace the post. However, both signs are very dated looking, called to get an estimate on replacing both signs. Have examples of the new signs, both will be made out of PVC and will cost between \$2,500 - \$2900.00.
 - CM Sutton said he knows a sign person and will get an estimate from him also.
 - TM Green asked if we can contact DelDot to put up signs directing people to the Town Hall. Most people can't find the Town Hall.
 - Mayor Hatton said the money for the signs would come out of Municipal Street Aid.
 - CM Ness motioned, CW Gorman seconded with unanimous vote to have TM Green contact DelDot to get permission to install Town Hall directional signs on Main Street and order them to be installed.
 - TM Green said the repair shop at 98 Main Street sold; they came in and got their Town business license, called Jaime's Auto Repair.
 - There was a long discussion about the business license fee ordinance; it is identical to Middletown's ordinance. TM Green is working on revising this ordinance. The fees need addressed and removed from the ordinance so they can be changed in the future without having to revise an ordinance.

VII. Committee Reports

- a. Finance: Chair – Mayor Jermaine Hatton
 - Everyone has a copy of the audit and saw the findings. There is still work to do. We need to allocate \$5,000 for an online government accounting course for Azure and TM Green to take. It may not all be used this fiscal year, some of the courses may carry over to next fiscal year but Debbie gave me the name of the University of Georgia, online governmental accounting 1 and 2 and intermediate accounting courses. Debbie's services cost us between \$18,000-\$20,000 which is what we budgeted and it may be less as it was cleaner this year, but if Azure gets to the level where debits and credits are checked out quickly and easily, Debbie could easily be in and out in a couple weeks and the audit would only cost \$7,000-\$8,000 a year so the \$5,000 for education would pay for itself by the second year. I have asked Azure to start creating meta-data for all the fields and all the reports. We will then all be able to quickly see where all the numbers are coming from and help future Councils without asking Azure for information.
 - CM Sutton verified it is an online course and asked if Azure will be required to do the classes after business hours.
 - Mayor Hatton said yes and at the end of the course there is a certification program. You have to test out of each module. The classes will be taken on line during the day, believe each module is about 24 hours of training. It will be spaced out per Azure and TM Greens schedules and want to get it done as soon as possible.
 - CW Gorman asked if this was a pre-requisite to be a financial officer in Townsend.
 - Mayor Hatton said he wasn't here when Azure was hired, he knows what the job description says, and she has been around for 6 years. This came up on the audit last year but we were transitioning to the new system from QuickBooks and didn't know if that was the problem or the problem was the person in the chair. Now we know it was both, one part is fixed, need to fix the other part.
 - CM Ness verified \$5,000 would be enough to train both Azure and TM Green and was told yes. He then asked if once the training is done, can Council address the issue of forcing week long straight vacation and does it have to be done by ordinance.
 - Mayor Hatton stated they are currently working on the employee handbook and we will put mandatory vacation in the handbook.

○ To expedite the process, CW Gorman suggested they be called if a bill comes in that needs someone's signature to be paid rather than waiting for the next meeting. She added she is still trying to verify her mid-year budget and there are areas she is looking to see where something goes. She asked if it would help to write what account we want the funds to go to on the bill when we sign it and if Azure doesn't agree with that she can tell us. Anything we can do as Council to help move the process forward is best.

○ CM Ness asked if that is part of the problem with bills sitting and waiting for signatures preventing Azure from moving forward with them; he has never had her ask him for a signature prior to meetings. He asked if she can use digital signatures or do the bills and checks have to have physical signatures.

○ Mayor Hatton said digital signatures would speed the process up; it is a question for Fred. He added that TM Green is working on the entire process. He also said he believes all of Council should take ownership of their own budget and know their numbers. We may even be able to give all of Council access to the Edmond system to enable you to check your budgeted numbers anytime you need too.

○ CM Ness motioned, CW Gorman seconded with unanimous vote to allot \$5,000 for educational classes and cross training for Azure and TM Green.

b. Public Works: Chair - CM Rudy Sutton

○ Revised the letter to the residents showing who is responsible for plowing. If Council approves would like to post the letter on the website, at the Town Hall and post office rather than spend the money to mail it to all the residents.

○ Mayor Hatton asked if we really need to put the letter out, we have everything straightened out and in place now, do we really want to re-visit this issue of three weeks ago.

○ CM Sutton said if something is missed in the future he feels the questions will be raised again, we can't get away from that.

○ Mayor Hatton said he talked to Tom Cahill, Mark Sapperstein and the contractor for TVI and everything is in place. Believe we have a good handle on this now.

○ All of Council agreed and decided not to put the letter out.

○ CM Sutton stated several issues have been resolved. The pot holes have been filled and the split rail fence at the retention pond in TS was repaired.

○ CM Ness said the plastic fence is down in TVII where the fire was and asked if it has been fixed.

○ TM Green said they are getting ready to build on that sight.

c. Land Use & Development: Chair – Mayor Jermaine Hatton

○ Committee Board Member – Mr. Higgins has resigned his position on the zoning committee due to health issues. We need to try to identify someone who will sit on this committee. If anyone knows of someone who would be interested, please let me know so I can contact them.

○ The Town has received a packet plan/proposal from Capital Development Partners, LLC for a retail space at the corner of Main Street and Summit Bridge Road. It is currently being reviewed by RVB, DelDot and NCC. Hopefully this will all come to fruition in the next 60-90 days.

○ CW Gorman asked if they are able to get NCC sewer.

○ Mayor Hatton said yes but it will involve tearing up Main Street and coming down to Brook Ramble Lane because of the push back/no vote by the fire company. The issues still lie with DelDot and two issues with the Town. These involve a setback and an entrance to the property off of Main Street. Feel they are minor issues we can resolve with a variance. DelDot issue is the crosswalk.

○ Mayor Hatton said he has a meeting Tuesday with NCC to discuss our sewer capacity, or lack of.

d. Community Relations: Chair – CM Joel Esler – deleted

e. Public Safety: Chair – CM John Ness

○ Emailed a document to all of Council with the cost analysis to start a police force in Town. We currently pay the State Police \$68.00 per hour. The startup cost will be approximately 35K and will be recovered in year 4.

○ Am still working with DelJis to get an agency number for the Town. Getting this number won't commit up to moving forward. With the number it enables the officer to use the state system and any tickets issued using our number enables the state to send us the fine money.

○ We would like to hire a fully qualified police officer, preferably retired one year or less. If they have been retired more than one year they will have to take classes to be fully qualified again. DelJis will put it on their statewide site that Townsend is looking for a part time police officer. This will be a part time position and will pay \$25.00 per hour.

○ The state police and other police departments have all offered to help us. There is a timeline for the process.

o CM Ness went over all the cost involved to start up and yearly cost to continue the force. All prices are approximate. If and when we start a police force, there is also grant money available.

o Mayor Hatton said at the DLLG dinner last week we were told there are several bills coming up in the house. One will bring the number down for union positions, we want to keep that in mind, it could be a union position. Several other Towns in the league said we shouldn't consider a police department as it will break us. It will be one of the biggest drains on our budget.

o CM Ness asked if we should talk to our representative and senators as a group about this bill and that we are against it.

o Mayor Hatton said it can't hurt to see where they stand on this bill.

f. Charter & Ordinance: Chair - CM Joel Esler – deleted

g. Parks & Recreation: Chair – CW Lorraine Gorman

o Electric in the park

1. CW Gorman said TE Hyne sent all of Council the layout of the electric for the park. The transformer has been moved over by the baseball field. The other electric sub-panel is going by the gazebo. We are a little behind schedule because of the weather, original dates for putting this out to bid no longer apply.

2. TE Hyne said Council previously decided the lights being installed would all be 14' high. The designer pointed out that the lights in the parking area need to be 20' high and the lights along the entrance will be 14' high.

3. TE Hyne said this plan is for basic electric service, lighting and electric receptacles in the pavilion and gazebo, lights in both parking lots and the driveway coming into the park. There is one light on the circuit that can be controlled with a photo cell, Council will be able to lock the boxes and turn lights on and off when they want.

4. CW Gorman added there is electric being run to the wells.

5. Mayor Hatton asked if we received any updates on the cost for the ongoing monthly service charge from Delmarva to run the entire application.

6. TE Hyne said he sent the plan to Delmarva and they will work with the contractor, we are asking the contractor to pay the initial cost from Delmarva. The monthly operation cost will be very low, under \$100.00. I will confirm this with Delmarva. LED lights use very little electric and for the most part the lights will be off. It is metered, not on a tariff so you will only be charged for what you use.

7. TM Green asked what papers Council wants to advertise in. It was decided to run ads in the Middletown Transcript, Smyrna Sun-Times, Dover Post and News Journal. It will also be on DEBid online. There will be a mandatory pre-construction meeting and should be able to start the project in mid-April. Bids will be opened on 3/19/14.

8. Mayor Hatton asked if the park grant will pay for the advertising and TM Green said no.

9. CW Gorman motioned, CM Ness seconded with unanimous vote to post advertisements for the park electrical bids in the News Journal and the 3 Gatehouse Media papers. The bids will be opened on March 19, 2014. The date of the mandatory pre-construction meeting will be announced.

10. CW Gorman said she spoke with Jeff at South Delaware Masonry. He is going to partner with Guardian Fence and fix the Jester plaque permanently. Out of respect for Mike Jester they are donating this to the Town – no charge to fix the plaque.

11. CW Gorman said she would like to expand on the Easter egg hunt, want it to be extra nice for the children, possibly have hotdogs again or some kind of refreshments. Would like to have an Easter bonnet contest.

12. Mayor Hatton asked CW Gorman to confirm the money in her budget. CW Gorman said she has been trying to but still doesn't have any numbers from Azure.

o National Wildlife Week – March 17-23

1. Nature Walk @ Blackbird Reserve – had a conference call last night with NWF. They are celebrating our re-certification protecting animals and water and want us to schedule an event. Since we have no water in the park I didn't think it would be appropriate to have anything there. I talked to Jennifer Holmes at the Delaware Estuary Reserve and made arrangements to have a guided tour nature walk on March 20, 2014, 5:30-6:30 pm at the Blackbird Creek Reserve. Pre-registration is required for this event and we can have up to 25 people. Will have TM Green post this information on the website.

2. TM Green said around a year ago Council discussed the water meter at the park. The meter is still there, not being used and costs the Town 400+ dollars a month.

3. Mayor Hatton asked if we need the meter there for the fire hydrant, thought that was the issue last year. He asked TM Green to confirm this first. Also, if we have the meter taken out, we have to keep it out for one year minimum or we will be back billed for all the months it wasn't there.

4. TM Hyne added that in addition to two fire hydrants there are a number of yard hydrants.
5. CW Gorman asked if this will increase our insurance.
6. Mayor Hatton asked TM Green to ask this also and Council can make a decision at the

2/19/14 workshop.

VIII. Unfinished Business

- Hatton
- a. Adoption of Ordinance No. 14-01, Appointing of the Town Manager – Mayor Jermaine Hatton
- o CM Ness motioned, CW Gorman seconded with unanimous vote to adopt Ordinance No. 14-01, appointing of the Town Manager.

IX. New Business

- Sutton
- a. Introduction of Ordinance No. 14-02, Disposition of Garbage, Trash and Rubbish – CM Rudy Sutton
- o CM Sutton introduced Ordinance No. 14-02. He read the title and synopsis of Ordinance No. 14-02, Disposition of Garbage, Trash and Rubbish.
 - o CM Sutton asked to have a public hearing prior to the Council meeting on 2/5/14 and have Council consider adopting this ordinance in the Council meeting on 2/5/14.
- b. Town Newsletter – CW Lorraine Gorman
- o CW Gorman said when she moved to Town they received a quarterly newsletter. She said she feels it is a great way to communicate with the residents and gives a personal touch to reaching the residents, especially the new people moving in. She feels it would be worthwhile to start doing again. Committee chairs can put articles in there. We keep saying we want the residents involved in Town events. Activities could be talked about, message from the Mayor, just a personal touch.
 - o CW Gorman said the Transcript called to see if we would do a “Tidbit” ad once in a while like the Town of Middletown does. The expense of that would be more versus the expense of doing the Newsletter. The newsletter will cost approximately \$250.00 per month.
 - o Mayor Hatton said he likes this idea but thinks we should start gathering email addresses and that will reduce the cost in the future by sending out blast emails to some.
- c. Congressional visit to Washington DC – March 12, 2014 – Mayor Jermaine Hatton
- o Mayor Hatton said we all have a copy of boarding passes for the trip to DC. Am looking forward to this trip, a lot is going on both locally and nationally. Would like to have more Townsend participation at the league dinners. A lot of good information comes from them; the governor was at the last meeting.
 - o CM Ness motioned, CM Sutton seconded to allocate \$280.00 for train tickets and lunch on the 3/12/14 DC trip for four (4) Council members.
 - o After some discussion, CM Ness motioned, CM Sutton seconded with unanimous vote to allocate \$500.00 for train tickets and lunch for 4 Council members to go to DC on 3/12/14.
- d. Employee Job Descriptions – Mayor Jermaine Hatton
- o Mayor Hatton asked Council if all had reviewed and approved the job descriptions for the employees. All said yes. These are now formal job descriptions, everyone is doing the same thing as they always have, it is one more issue removed from the audit.
 - o CM Ness motioned, CM Sutton seconded with unanimous vote to approve the job descriptions.
- e. Voter Registration dates and times – CW Lorraine Gorman
- o CW Gorman motioned, CM Ness seconded with unanimous vote to offer 2 evening voter registrations on 2/19/14 and 3/19/14 from 6:00 pm – 8:00 pm and Saturday voter registration on 4/5/14 from 9:00 am – noon.

X. Citizens Comments & Participation: none

XI. Adjournment: 9:30 pm, CW Gorman motioned, CM Ness seconded with unanimous vote.