

Open Work Session

Legislative Bill 2020-04 – FY21 Budget Bill Exhibit

July 7, 2020

Mr. Taylor said he guesses they could call this the budget wrap up, but there are several parts of this, and he is going to address two of them, and he thinks Mrs. Hurley, who is more familiar with some of the other parts, will address those. He said the two parts he is going to address are the capital budget items that Council voted to restore for Board of Education capital appropriations.

Mr. Taylor said there were three items, as Council will recall. He said the roof at Westside Intermediate School for \$281,000 and the other two were all items the Board feels they requested that Mr. Culver did not include in his proposed budget, and that Council, on June 2, just before adopting the County's budget, voted to put back in the CIP for this current year of FY21. He said, under the Charter, that particular part of the FY21 CIP becomes the County Capital Budget for FY21. He clarified, in other words, once something is in the CIP for this current year, it is automatically in the capital budget, so it was in there when Council adopted the budget because immediately prior to adopting the budget, Council amended the CIP to restore these items. He said the first one is the roof replacement for Westside Intermediate at \$281,000, and the second one is somewhat convoluted because it involves the appropriation for Beaver Run. He clarified, he says it is convoluted because there was \$7 million dollars that was to have been obtained in the prior fiscal year, the one that just closed, FY20, by issuing bonds of \$7 million dollars for the construction of the new Beaver Run School. He said the County did not go to the bond market, so, therefore, no bond proceeds were obtained. He said the understanding Council was given several months ago by the Executive Branch was that they were scraping around from proceeds of older bonds, and thought they could scrape up around \$6.5 million dollars. He said the understanding, at least at that time as he understood it, was that would be money that would then go to cover the \$7 million dollars for last year. He said, actually, he does not know what has happened because they have never been advised, so he can only tell Council what his understanding was from the presentation that was made back around February. He said this year the Board requested another \$7 million dollars for Beaver Run, again through bond financing. He said the CIP that the Executive turned in again has \$6.4 million dollars from what he is going to call what is listed as old money, meaning from the existing bonds that were issued for other projects that are essentially surplusage left over after those projects were finished, plus going to the bond market for new money for about \$80,000, and the total comes to about \$6.5 million. He said, at the meeting on June 2, Council voted to restore \$7 million dollars of new money from the issuance of new bonds, and that change has not been reflected in the budget document the County Executive posted on the County's website.

Mr. Taylor said the third item pertains to the Mardela School, and this is an item he has some difference with the Board of Education on. He said that was a request they made in their CIP they turned in sometime in 2019 for \$2.5 million, and that particular item does not appear in the budget document that the Board turned in subsequent to that in March of this year. He said, in his opinion, that probably is not subject to being restored; however, on June 2, the County Council decided otherwise and restored it. He said, be that as it may, it is not in the budget document that the County Executive has posted on the County website.

Mr. Taylor summarized, there are three items Council voted to restore for the Board of Education, and none of them are in the budget that has been posted as the “adopted budget” on the County website. He said that covers those items, and there is not much to say except what he has already said. He clarified, Council can ask him questions, but he does not have answers. He said all he knows is that right after the June 2 meeting there was a communication from Mr. Strausburg indicating his view, and he thinks that would probably be the County Executive’s view too, that the restoration of the money for Mardela was improper. He said that communication did not mention the other two items, which are the roof for the school, or the money for Beaver Run.

Mr. Taylor said the other item is the changes Council made to the budget for the Executive and Administration, and, in that case, as Council will remember, there were several changes made. He said one change was to entirely strike the salary that was listed for the position described in that part of the budget as the Chief Financial Officer for \$128,520. He said, as he recalls, Council voted to take that entirely out. He said Council also reduced the salary for the Director of Administration listed as \$142,866 to \$120,000, which, as he understands it, is the current salary for Mr. Psota. He explained, the idea was to leave the difference between those two numbers to be available to compensate Mr. Strausburg for overlap services during this year to essentially backstop, help out, or advise Mr. Psota, but those changes are not reflected in the budget document that is posted on the website, and are still in there.

Mr. Taylor said the other change Council made to the Executive Office items in the budget was they reduced the \$25,000 for contractual services that was in there originally, and essentially that is where the \$22,866 for Mr. Strausburg would go because his understanding is that Mr. Strausburg is no longer a County employee, he is now a 1099 contractual employee, so he would be under contractual services. He said, with all of those changes, there is a reduction in the amount for the County Executive’s Office, and that is correctly stated in the budget that is posted on the website; however, the way they get there is completely different. He said what they have done is taken the cuts he mentioned, which total \$163,000 and change, and instead of striking or reducing those items he just went through, they have put in a negative item under the operating expenses of \$163,000 like they had a negative appropriation. He said, as far as he knows, that just does not exist. He clarified, they should appropriate money, and one does not appropriate negative amounts of money. He said that is how they essentially get to the same overall level of expenditure for the County Executive’s Office, but it is completely different from what the Council approved at the meeting on June 2. He said the difference of course would be, going forward, those numbers would then be repeated in the future, and they do not show up as the Council adjusted them on June 2. He said that is the second group of items.

Mr. Taylor said, as far as these amounts are concerned, his view is that Council just simply needs to put the version of the budget online that was adopted to essentially make the changes in the printed pages that Council voted on, and that is the adopted budget. He said it is the Council’s budget because the Council adopts the budget. He clarified, the Executive proposes it and submits it, but the Council is the one that adopts it.

Mr. Taylor said he thinks Mrs. Hurley can discuss the other items, and can indicate whether she thinks there should be any changes made on those as she is a little bit more familiar with them than he is.

Mrs. Hurley said the other changes Council sees in the Brief Book were pretty much done as Council had adopted, and they are shown properly with the exception of the State's Attorney's Office where there were a couple of salary shifts of the funding. She said Council will see that the version on line shows the Assistant State's Attorney position number 10040 salary as \$61,950, but the version that was adopted by Council shows that salary as \$60,900. She said there were a couple of other positions in that Department where they shifted some salaries around, but they do not go above or under what Council approved, so Council will also see a salary savings, which readjusted all of those numbers.

Mrs. Hurley said the one for the County Council was done properly, and the changes to the Board of Education Appendix A were also done properly. She said contingency transfers were done correctly, the leased vehicles were done the way Council recommended, and the Solid Waste changes were also done as Council adopted. She said those are the only other changes that are in the Brief Book, but the two main ones are the Board of Education and the Executive Administration Fund 05.

Mr. Holloway asked if Mr. Taylor is suggesting Council posts their own budget on the website? He said Mr. Culver does not follow Council's budget, Mr. Culver follows his own budget, so what are the ramifications of spending the money that has not been appropriated, to which Mr. Taylor responded, he should have said that it always makes sense to maybe approach the Executive and see if they will make the changes, but his guess is that it is pretty much a fait accompli, or it would not have been posted that way to begin with. He said they have had no communication that he is aware of about any of the changes with the single exception of the restoration of the funds for Mardela, which, in a communication from Mr. Strausburg, he indicated they thought that was improper. He said it seems to him that it will probably come down to the County Council having to post the budget that it adopted. He clarified, he would like to be wrong about that, but he would not bet money on it.

Mr. Dodd asked if what Mrs. Hurley handed out to Council this evening was the budget that is online, but she has made the corrections, to which Mrs. Hurley responded, no. She explained, the version that is in the Brief Book is what is shown online, and the version that is on the Council table is the version with the handwritten changes that Council thinks is how the budget should be posted. Mr. Dodd then asked, which is the approved budget, to which Mrs. Hurley responded, what is shown on the table.

Mr. Dodd asked Mr. Taylor how Council goes about putting this online, to which Mr. Taylor responded, he guesses the first thing to do is make the changes, and then secondly, as far as he knows, Council has the ability to put items on the County website. Mrs. Hurley responded, this is an exhibit to the Legislative Bill, so it would be posted on the website as the adopted Legislative Bill.

Mr. Holloway said he did not vote for the budget, but four Councilmembers did, and whether Council agrees with this budget or not, the Executive's Office should have the respect of those four Councilmembers who voted for it. He then asked Mr. Taylor what Council can do when the Executive Office spends the money they are not supposed to be spending, to which Mr. Taylor responded, he better not answer that question because he might wind up in jail if he followed through. Mr. Davis said Council knows the answer to that because they have been fighting this for a while.

Mr. Cannon asked if there has been any communication with anybody who may be representing the Executive Branch since a week ago when this memorandum was issued? He clarified, he knows there has been discussion about Mardela, but what about all of these other inconsistencies that have just been published regardless of Council's vote. Mr. Taylor said there has been no communication by him, but he does not know whether Mrs. Hurley may have had any, to which Mrs. Hurley responded, no. She explained, she wanted to bring this to Council's attention before sending a letter to the Executive. Mr. Cannon said he thinks it is very important that Council gets a letter to them. He clarified, the only reason for the letter is that Council has to establish something in writing as to what the concerns are, and then they have some type of a basis, whether they get a response or not, as to where they are headed from here. He said he does not know how they are going to resolve the Mardela issue at this time without further discussion, but he thinks they should get a letter to the Executive Branch immediately stating what all of the inconsistencies are, and where they need to make those corrections.

Mr. Dodd then asked Mr. McCain if he wants to send a letter, to which Mr. McCain responded, it is what it is. Mr. Dodd said he thinks it is appropriate to submit a letter like Mr. Cannon suggested. He then asked how everybody else feels, to which Mrs. Acle responded, she would like to get an explanation from the Executive's side.

Mr. Hastings said, now that Council is starting a new relationship with the new Director of Administration, he thinks it would be nice to really restart a nice, fresh relationship there. He said he feels for the individual who is taking that position, and realizes it is not going to be easy, so as much as Council can continue to help, and go out of their way to make sure they are clearly communicating what they want in a nonthreatening way, the better. Mr. Dodd said he has faith in Mr. Psota, to which Mr. Hastings responded, he really does too, and a lot of hope.

Mr. Taylor said he has one other item, and he believes this is from Mrs. Hurley. He said, in addition to Mardela, he believes the position of the Executive Branch is that they feel that the items that were restored were all improper, the school roof as well as the Beaver Run bond financing. He then asked Mrs. Hurley if that is the understanding she was given, to which Mrs. Hurley responded, yes, from Mr. Strausburg. She said Mr. Strausburg does not think that Council had the authority to tell the Executive what to fund in the capital budget. Mr. Holloway asked what the history is on that, and has it been done before, to which Mrs. Hurley responded, she is not aware of it being done before. Mr. Taylor said, actually, at one time Council did restore some one-time cuts. He clarified, they were not CIP items, but the State Enabling Legislation for restoration is essentially anything that is in the budget the Board of Education submits that the County Executive does not include, and it can be things other than the CIP.

Mr. Cannon said Council was very careful during the process when they were adding these items back in the CIP. He clarified, Council was very careful to make sure what they were adding in had been part of what was originally presented to the Executive to begin with. He said they even asked the Superintendent during the meeting if Mardela was presented originally, and the Superintendent confirmed that it had been. He said he thinks Council acted in the best interest, and certainly acted legally, and that is really what they are talking about here. He clarified, it is not precedent, it is not anything, it is what the legal direction was that Council took, and he thinks they were very matter of fact in making sure they followed that. Mr. Taylor said, his views notwithstanding, Council certainly voted to

restore all three items, so it has been restored by Council action. He said he has some concerns about Mardela, but that is separate from what they are talking about now in the way that the County Executive has presented the budget because he does not have any concern about the school roof or Beaver Run, and they are important items too.

Mr. Dodd said Council is going to submit a letter to the Executive. There was no further discussion.


Larry W. Dodd, President, District 3


John T. Cannon, Vice President, At-Large

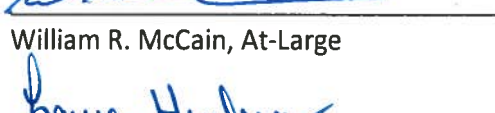

Ernest F. Davis, District 1


Nicole Acle, District 2


Josh Hastings, District 4


Joe Holloway, District 5


William R. McCain, At-Large


Laura Hurley, Council Administrator