

Work Session Meeting Minutes

The meeting of the Pocomoke City Mayor and Council was held in Council Chambers on Thursday, May 7, 2026 meeting was called to order at 6:30 pm.

Present:

Mayor: Todd J. Nock
Council Members: M. Hall, S. Tull,
D. Downing, B. Cottman
City Manager: Brandy Matthews
City Clerk: Melinda Stafford

POCOMOKE CITY MAYOR AND COUNCIL BUDGET WORK SESSION

The Mayor and Council of Pocomoke City convened for a budget work session to review and discuss the fiscal year 2027 budget, including fee schedules for city services, department budgets, and various municipal funds.

ROLL CALL AND CALL TO ORDER

The meeting was called to order by the presiding Councilmember Diane Downing, Councilmember Cottman, and Councilmember Hall was in attendance. Mayor Todd Nock and Councilmember Tull joined the meeting in progress.

FY 2027 FEE SCHEDULE FOR CITY SERVICES

The Council reviewed the proposed fee schedule for city services beginning on page 4 of the packet. The City Manager presented several highlighted items representing new or modified fees.

Food Truck Permits

A new line item for food truck permits was proposed at \$100 per year. Discussion ensued regarding the relationship between food truck permits and the existing transit merchant license, as the definitions could potentially overlap. The transit merchant license covers vendors operating outside their vehicles on a temporary basis (such as 2-day licenses), while the food truck permit is intended for longer-term operations, potentially over a year.

A Council Member suggested listing the food truck permit under the same category as the transit merchant license for organizational purposes while maintaining the separate \$100 per year fee structure. The reasoning was that food trucks operating long-term would function similarly to businesses requiring business licenses in the city.

The Council agreed to maintain the food truck permit as a separate line item under the transit merchant license category with the same \$100 per year fee structure.

Horse Stall Rentals

On page 6, the fee schedule proposed increasing horse stall rentals from \$100 per month (which had remained unchanged for a considerable period) to \$200 per month, payable at the first of each month, plus a \$200 deposit. The City Manager noted that approximately 15 stalls are currently full, and this increase would generate approximately \$36,000 per year in revenue for the city.

Additional fees were proposed for stall-related violations:

- Unattended horse: \$100 fine
- Destruction of a stall and/or fence: \$500 fine
- Not wetting the track prior to use: \$100 fine

The City Manager explained that these fines address problem areas that have emerged at the stalls over the last couple of months.

Ambulance Membership Plans

On page 7, the ambulance membership plan fees for city residents and out-of-city residents in service area were not proposed for increase. However, staff recommended discontinuing the Somerset County membership plan. Currently only 7 people participate in the Somerset County plan, generating only \$35,000 per year in reimbursement. The recommendation was to no longer offer the membership plan for Somerset County residents.

Municipal Infractions - Vehicles and Traffic

On page 10, new municipal infractions for parking and traffic violations were presented:

- Park opposite flow of traffic: \$50
- Park in a posted no parking zone: \$50
- Double parking: \$50
- Parking on one yellow line: \$50
- Blocking private business public entrance: \$50
- Standing, parking, or stopping on the sidewalk: \$50

- Standing, parking, or stopping within 15 feet of a fire hydrant: \$100
- Standing, parking, or stopping in a handicap designated space: \$150

When asked whether warnings would be issued, staff confirmed that warnings are currently being issued and people have been receptive on the first day, with improvements already observed in sidewalk parking compliance. However, after the initial warning period, fines will be assessed.

Speed Camera Fines

The City Manager noted that speed camera fines increased effective October 1, 2025, by state mandate, not by city action. The new fee schedule reflects these state-mandated increases:

- 12 to 15 miles over the speed limit: \$40
- 16 to 19 miles over the speed limit: \$70
- 20 to 29 miles over the speed limit: \$120
- 30 to 39 miles over the speed limit: \$230 (the printed schedule required correction from "30 to 29 miles")
- 40 miles or more over the speed limit: \$425

The City Manager noted that violations in the \$40 and \$70 categories have already been observed. A Council Member suggested it was beneficial to add these state-mandated fees to the city's fee schedule for transparency.

General Discussion on Fee Schedule

The City Manager explained that most fees were not increased for fiscal year 2027 because significant increases had been implemented in the prior year or the year before. Staff will wait until next year to evaluate what other fees may need adjustment.

FISCAL YEAR 2027 AMBULANCE FUND

The City Manager presented the ambulance fund budget, noting total revenue for fiscal year 2027 will increase by 6%. This represents a significant slowdown from previous years' increases: fiscal year 2024 to 2025 increased 23%, and fiscal year 2025 to 2026 increased 37%. Those larger increases were primarily due to increased Worcester County support.

Revenue

Worcester County support increased 85% in the current budget proposal, compared to 42% in fiscal year 2025 and 46% in fiscal year 2026, showing the increases have been moderating.

The ARPA funds line item reflects that the ambulance delivery has been delayed until fiscal year 2027. The funds originally allocated in fiscal year 2025 will now be moved to fiscal year 2027 to pay for one of the ambulances, which is expected to be completed by July but not completely outfitted until September or October.

Insurance claims revenue has not been increased as it fluctuates year to year and is difficult to budget. Since it remained steady through the current year, no increase was projected.

Membership revenue remained steady at \$28,000, based on actual receipts in fiscal year 2026.

A transfer from the general fund of \$155,117 is included, primarily to fund the second ambulance to be received during the year.

Expenditures - Salaries

Total salary expenses decreased by 2%. The City Manager explained this decrease results from a change in budgeting methodology. In prior years, the budget assumed full funding for 8 paramedics, 8 EMTs, and all part-time positions at maximum levels. However, these positions have never been fully utilized. For fiscal year 2027, the budget is based on actual staffing numbers from April of the current year. The salary increases that are included correspond to the second step in the pay scale for existing employees.

Expenditures - Benefits

Retirement, workers' compensation, hospitalization, and family and medical leave insurance collectively decreased by 5%, primarily due to reductions in part-time employee benefits. Maryland State Retirement contributions have decreased, workers' compensation has decreased, and other employee insurances have also decreased.

A new line item for family and medical leave insurance was added. Beginning January 1, 2027, the city must contribute 0.045% of wages for every employee (with total contribution rate of 0.9%). This insurance provides a supplement to short-term disability. The City Manager noted the city does not currently offer short-term disability (it is available through AFLAC), and only offers long-term disability. The family and medical leave insurance will help employees who need leave, and they will not have to use sick time first. However, employees cannot access benefits until January 1, 2028, even though contributions begin in January 2027.

The City Manager clarified that this requirement applies to both full-time and part-time employees who work at least 608 hours.

Expenditures - Operating Expenses

Operating expenses decreased, primarily due to two factors. First, with new ambulances, maintenance costs are significantly reduced. Second, heating and electric expenses have decreased.

Training expenses are based on current EMTs attending paramedic school. The city adopted a policy similar to the police department, funding employees through their professional training academies. Currently, the city is funding two EMTs to attend paramedic school (one is about to graduate), which will result in three EMTs becoming paramedics and filling paramedic positions.

Expenditures - Capital Outlay

The only capital outlay requested is 2 ambulances totaling \$684,000. One will be fully funded by ARPA funds. A line item listed as "loan" is actually a financing payment for striker monitors purchased in 2022; this is the last year this payment will appear in the budget.

Summary

Total ambulance fund revenue and expenses increased 6% from the fiscal year 2026 budget to the fiscal year 2027 budget.

FISCAL YEAR 2027 WATER AND WASTEWATER FUND

The City Manager presented the Water and Wastewater Fund budget, noting revenue actually decreases by 51%, which she characterized as "a good thing."

Revenue

The decrease is because SIP Phase 2 has been completed, and there are no current projects for which the city is receiving grant funds, such as SIP lift stations or similar infrastructure projects.

The charges for services show only a 1% increase, but the City Manager noted this will likely be greater because it does not yet include Board of Worms billings. September 2025 will be the first year the city actually bills for Board of Worms, which will increase city revenue.

Expenditures - Salaries and Benefits

Salaries and benefits increased 3%, primarily due to increased employer taxes. A part-time position was added in the wastewater department to help reduce overtime costs, since two people must work weekends. The part-time person works weekends to offset

overtime expenses. Family and medical leave insurance also appears in this department's budget.

Expenditures - Operating Expenses

Operating expenses increased 3%. However, actual repairs at lift stations decreased because approximately 7 pumps throughout the lift stations will be replaced as capital outlay items rather than repairs, totaling \$77,650.

Significant decreases in the wastewater department from fiscal year 2026 to 2027 include:

- Equipment repairs decreased
- Lab expenses decreased
- Well rehabilitation budget reduced from \$140,000 to \$80,000

The City Manager explained that while the department performs 4 well rehabilitations per year, this is based on calendar year, not fiscal year. The previous fiscal year budget of \$140,000 assumed 4 rehabilitations, but only 2 occur per fiscal year. The current year's two rehabilitations cost approximately \$36,000 each, so the budget of \$80,000 (at approximately \$40,000 each) allows for potential cost fluctuations.

The tipping fee (trash dumpster) was increased due to anticipated fuel cost increases that may lead to increased trash collection costs.

Vehicle gasoline expenses decreased with newer vehicles. The City Manager praised the vehicle upgrade program as "probably one of the best ideas that we did" for the cost savings. A new gas tracking system was implemented that tracks vehicle mileage and location. Each vehicle has an assigned fuel card that requires an employee code at the gas station, providing detailed tracking of which vehicle was filled, the mileage, and who performed the fueling.

Contract labor was significantly reduced. The City Manager and Public Works Director reviewed this account and reallocated expenses that should have been charged to other line items in the budget.

A contingency fund of \$263,750 was included to balance the budget and provide emergency funding in case of major repairs needed at the wastewater treatment plant. The City Manager explained that while pumps are budgeted as capital items, this contingency provides a safeguard for unforeseen major repairs.

Expenditures - Capital Outlay

The AMI (Automated Meter Infrastructure) line item represents the remaining water meters to be purchased with ARPA funds. These funds must be spent before December 31, 2026. New water meters will be ordered soon for new developments, including individual meters for each townhome at Bull Bridge, Alden (going to Cedar), and any installations at Southern Fields.

Debt Service

Loan payments include USDA loans and two HSD Everett Savings Bank loans, with total debt payment for the year of \$288,000.

Summary

Total revenue and expenses both decreased 51% due to completion of the SIP project. The budget nets to zero with a balance of \$2,494,000.

Budget Line Item Oversight Question

Council Member Hall asked whether the Council is notified when line items exceed budget so funds can be reallocated to maintain balance. The City Manager explained that staff attempts to mirror line items as closely as possible. As long as overages remain within the same category, reallocation is not necessary. However, if an overage exceeds her approval authority or is deemed significant even in an emergency, she brings it before the Mayor and Council for approval.

Council Member Hall referenced a \$13,000 bill from the previous week's bill list, asking if it related to restaurant maintenance. After some discussion, it was clarified this was an \$11,749 bill for restaurant maintenance work by George Malsenburg. The work includes repairs underneath the building and outside where spots are sinking, as well as floor issues underneath the restaurant. This work is under contract with George Malsenburg.

Council Member Hall stated he circled it in his book and wanted to ask about it. The Mayor encouraged him to ask such questions during meetings so they can be addressed immediately, particularly during bill review.

FISCAL YEAR 2027 GENERAL FUND BUDGET OVERVIEW

Council Member Tull joined the meeting at this point.

Revenue - Real Property and Personal Property Taxes

Real property and personal property taxes increased 4%. The modest increase is because two businesses are requesting tax abatements, and the county and state have already adjusted the city's tax basis in case the abatements are granted.

The City Manager noted real property taxes may increase beyond projections because of heavy construction at Stoneman, and there is a possibility the state will not allow the requested abatements.

Revenue - Local Taxes

Local taxes increased 12% from the last budget, primarily due to increased local income taxes.

Revenue - Licensing and Permits

Licensing and permits show a 23% increase from fiscal year 2026 to fiscal year 2027, primarily due to building permits. The fiscal year 2027 budget of \$120,000 for building permits is based on current actual receipts of approximately \$104,000, demonstrating building growth in the city.

Revenue - Intergovernmental

The intergovernmental revenue category includes room taxes, state highway taxes, and county and state grants.

State highway user revenue increased from \$350,000 to \$375,000.

The Main Street grant will increase from \$10,000 to \$12,000.

Economic development funding represents the county budget request, which increased from \$599,338 to \$795,000. The City Manager noted this number is the city's request to the county, and the county has two more budget work sessions scheduled for May 12 and May 26, so the final amount is pending.

Revenue - Charges for Services

Charges for services decreased 1%, primarily due to decreased real property maintenance revenue. This is based on Cook-Forest violations, which have been down during the current year.

Revenue - Investment and Earnings

Investment and earnings increased 20%, mainly due to interest received and an increase in cell tower rent from \$7,200 to \$36,000.

Revenue - Miscellaneous

Miscellaneous revenue decreased 65%, primarily due to dramatically reduced income from the waterfall electric generation. In fiscal year 2025, this revenue was \$115,000. The fiscal year 2026 budget of \$30,000 was based on actual receipts, and the City

Manager indicated she does not know the final fiscal year 2026 number until the check is received from the demo account at the end of May. The revenue from this source has "decreased greatly."

Revenue - Other Financing Sources

Other financing sources (insurance proceeds and prior year fund balance) decreased 1%, which the City Manager characterized as "a good thing." The city is not using any funds from prior year fund balance for fiscal year 2027.

When questioned, the City Manager clarified that while the city is allowed to use prior year fund balance to balance the budget and fund capital expenditures, no prior year fund balance is being used for fiscal year 2027. Council Member Hall confirmed this means there should be additional funds to add to the fund balance, and the City Manager agreed.

Expenditures - Legislative

The legislative budget decreased 2% in fiscal year 2025, increased 49% in fiscal year 2026, and shows a 13% increase for fiscal year 2027.

Council Member Hall questioned the travel line item, noting it "seemed awful lot." The City Manager explained that travel has been separated into two line items: the traditional Mayor and Council travel, and a separate \$25,000 line for conferences, conventions, or travel. This amount is based on the possibility that all officials might attend various events. Not everyone attends every conference, and attendance varies for smaller conferences. The City Manager emphasized "this isn't set in stone."

Expenditures - Executive City Manager

The Executive City Manager budget decreased 12%. The position of Deputy City Manager, which was funded last year, is not funded this year. Several line items were zeroed out, including user subscriptions and training certification, based on differences from prior city managers' budgets.

When asked if she needs support or a deputy city manager, the City Manager responded she would need an administrative assistant rather than a deputy city manager, but this is not included in the current budget.

Expenditures - Executive City Mayor

The Executive City Mayor budget increased 9% in fiscal year 2025, 59% in fiscal year 2026, and 17% in fiscal year 2027. The increase in prior years was based on expenses when the Mayor served as MML (Maryland Municipal League) president. Since he is no longer president, those expenses return to normal city levels.

Expenditures - Elections

An election will be held during fiscal year 2027, and the budget reflects this.

Expenditures - Financial Administration Finance

Financial administration decreased 20% because the department now has one fewer person (3 people instead of 4, counting the City Manager).

General Discussion on Salary Increases

The City Manager provided an overview of salary increases across departments. Except for EMS and the Police Department, all departments receive step increases plus COLA (Cost of Living Adjustment). The Police Department and EMS receive greater step increases than other departments. The COLA for calendar year 2026 was 2.8%, projected to be approximately 3% for fiscal year 2027. All employees in other departments would receive a 3% COLA plus a 3% step increase. The COLA for EMS was 6%.

The City Manager clarified for everyone that step increases and COLA "are not one in the same" and emphasized the adjustments are needed given current gas prices.

Expenditures - Law

With assistance from Melinda, staff created a new line item for advertising, separating it from legal expenses. The advertising line covers public hearings published in the Daily Times or Eastern Shore Post. Legal expenses will be higher than normal this year due to some newer matters being addressed. Expenditures - General Services

General Services encompasses city hall operations and shows a 17% decrease.

Expenditures - Other (Advertising and Community Promotions)

The category labeled "other" will be renamed to more accurately reflect that it covers advertising for the city and community promotions. Community promotions are various events the city hosts for the community.

Expenditures - Police Department - Administration and Chief

The police administration budget (covering police administration and the chief) increased 17% from last year due to salary increases needed to remain competitive with other police departments.

The Chief was commended, noting he "didn't ask for anything capital" to ensure his staff remains competitive with surrounding agencies. When asked if this means the Chief is not receiving anything, the City Manager clarified his salary did increase, but he is not

requesting capital equipment because the department has received needed equipment over the last few years.

Expenditures - Police Department - Police Admin Control

Police Admin Control (covering lieutenants, sergeants, and the remainder of the police force) shows a 3% increase. There is no capital outlay for Bridge Speed, Fleet Scout Deals, or regular capital because all vehicles have been upgraded. The oldest vehicles are a 2015 and 2016, which serve as spares; all other vehicles are from 2022 or newer.

Expenditures - Police Department - Training

Police training increased 28% due to contract labor costs. This covers systems for FLOC (a new system) and website maintenance.

Expenditures - Police Department - Dispatch

Dispatch increased from 4% to 10%. Salaries in this department were also increased to remain competitive with other dispatch centers.

Expenditures - Police Department - K9

The K9 budget was adjusted. The city will have only one K9, Brett, as Joker was retired.

Expenditures - Police Department - Community Events and Grants

The community crime prevention events budget was not increased. This account funds National Night Out and the Christmas project for children.

Expenditures - Public Works

Public Works decreased 2% from fiscal year 2026 to fiscal year 2027. The decrease resulted from eliminating certain line items that had not been used in several years.

Discussion on Mechanic Position

A Council Member raised questions about the mechanic position, noting the city has discussed this for years. She pointed out that one of the city's "proudest moments in the past couple years was completely upgrading the fleet and going into contract with Pope Hancock" and asked whether it is necessary to have a full-time mechanic on staff or whether the position should be placed in another department.

The City Manager responded that all new vehicles must be serviced by a dealership or a shop that reports properly because the vehicles are under warranty and must be serviced according to warranty requirements. The majority were purchased from or through Pohanka, and the city has a contract where Pohanka comes out to change oil,

rotate tires, and pick up vehicles if something is wrong, ensuring no downtime for departments.

The City Manager stated she has had conversations about whether the position is necessary. "If they can't find something else for that person to do, then that part should not be there. The mechanic department shouldn't be there." She noted the mechanic position was eliminated and then reinstated 4 or 5 years ago (Miss Diane could confirm the exact timing), but the previous mechanic "did not have the money that it was going to take to keep the golf course open" (this appears to be a transcription error mixing two topics).

The City Manager continued: "I feel like we have this conversation every year and we really don't come to a resolution." She asked what equipment is actually being worked on without the vehicles-the street sweeper and possibly grass cutters. Even the trash truck should go to a certified facility. When asked how often street sweepers are maintained, the City Manager noted she had considered looking into this because "I can't remember when the last time the streets have actually been swept." Council Members confirmed they haven't seen street sweeping done in a long time.

The conversation turned to the street sweeper itself. At one point, the city discussed getting a new street sweeper. A new street sweeper costs approximately \$200,000.

The Mayor interjected about accumulated depreciation, stating that Pocomoke has "overlooked accumulated depreciation" in the past. "Accumulated depreciation starts from the time that vehicle, that tool, or whatever it is that's in your possession, over time its value depreciates until it gets to zero, and then you go into the red with it." He stated the street sweeper "has had severe accumulated depreciation over time, and now it's really not even worth it."

The Mayor gave an example of old election machines the city used until told they couldn't be used anymore, stating he's "not saying that we jump out there and buy a new street sweeper," but rather that "an inventory of all city tools really needs to be taken so we can talk about the accumulated depreciation. Because when we look at the budget, we're clapping our hands about being in the green, but in reality, when we include accumulated depreciation within that, we're not."

He continued: "And if we add up the amount of money that we spend repairing these things year in and year out, it's tanking us before we even get started." He noted he doesn't know if the street sweeper they scrapped last year as surplus was ever used, and believes the current street sweeper "probably" has had about \$7,000 spent on it just this year "just to get it going."

The Mayor apologized for interrupting the flow of the presentation, stating he had been watching and waiting to address this issue.

A Council Member asked whether the city should get bids for a new street sweeper or outsource the service, and which would be cheaper.

The Mayor clarified he is not suggesting getting bids immediately, but rather "overall we really need a serious inventory." He explained that "Pocomoke has been operating for a long time off of memory. Memory gets you nowhere but in trouble. Because the way that I remember it and the way Miss Diane might remember it, it might be two different ways." He emphasized the importance of proper record-keeping, noting issues have arisen even with the fire department because everything relies on who was present at the time and who remembers what.

Council Member Hall stated: "I wonder why we would keep outsourcing something if we had something ourselves for us. I mean, that's just me. I like having my own. I don't want to borrow; I don't want to ask you. I don't want it. I'm like, I'll get it. But if you get it, you should maintain it."

The Mayor agreed, adding "it's not just about the money. The money's one side of it, but then quality control is also the other side. And when you keep decent records and when you keep an inventory, you will know when you need to replace things before you need to replace them. This could have been something that we could have been talking about 3 years ago and it wouldn't have been \$200,000. It would have still been \$200,000, but we would have been budgeting enough money over the course of 3 years to go towards the purchase of a new street sweeper like we had done with the ambulances."

The City Manager called the next section.

Expenditures - Street Sanitation

Street sanitation budget remained unchanged at \$16,000. Currently only one person works in this position. He is the designated street sweeper operator. When the street sweeper is not working, he cannot perform his duties, though he is still paid. He is considered part-time and is retired. His typical process is to drive around the day before sweeping to see what streets need attention.

The Mayor noted "there are a lot of streets in Pocomoke that are dusty all the time" and specifically mentioned the other end of Laurel Street near the basketball court as very dusty.

The City Manager stated they discussed the need to start sweeping all streets, not just certain ones, because the city receives many complaints about only certain streets being cleaned.

Expenditures - Waste Collection

Waste collection (trash pickup) increased 5%. The hope is that vehicle repairs will decrease because the city has one brand new trash truck and another that is fairly new, for a total of 3 trash trucks.

Expenditures - Waste Disposal

At the Worcester County meeting on Tuesday night, the county indicated they would not raise the tipping fee. However, the tipping fee is based on pounds of trash. Based on projections for April, May, and June (averaging those 3 months), the city budgeted approximately \$165,000 for fiscal year 2027.

Expenditures - Ground Maintenance

Ground maintenance shows a 5% increase.

Expenditures - Streets and Highways

Streets and highways show some account decreases. Equipment repairs have "drastically decreased" over the last couple of years in the streets department. There is no additional capital outlay budgeted, which contributes to the decrease. The city budgeted \$510,000 for Phase 2 of streets and sidewalks.

Expenditures - Storms

The storms budget (for snowstorms and ice storms) shows no change.

Expenditures - Operating Street and Christmas Lights

Operating street and Christmas lights increased 2%, from \$210,000 to \$215,000, covering street lights throughout the city (including Jenkins Orchard and Market Street) and Christmas lights displayed during the year.

The Mayor noted someone will need to replace the Christmas decorations and suggested this might be something to budget for over the next few years.

Council Member Hall raised the issue of streetlight types, noting the lights have been the same "since I've been around." He mentioned that Prince Anne changed their streetlights about 4 years ago through a grant (or similar funding mechanism) that significantly reduced their electric bill due to LED technology. "It reduced their electric bill a ton just because of the type of the LED," making lights much brighter.

The City Manager asked for clarification whether he meant streetlights or building lights. Council Member Hall confirmed streetlights. The City Manager noted that Delmarva Power approaches the city annually about this (though not in the past year). Previous contacts were about interior building lighting, not streetlights, though she was unaware of a grant for streetlights.

Council Member Hall stated it was "7, 8 years" ago, was paid for, saved money, and made lights much brighter. He noted "here even with the streetlights, it's still dark" and suggested looking at South View at Riley Bridge where lights "really are" bright.

The City Manager asked if the change helped with lights not going out as frequently, but Council Member Hall couldn't remember. He offered to find out from Judy Lake at the Civic Center about the company and funding source, noting they did the same thing at the Civic Center with similar results-brighter and paid for.

The City Manager acknowledged that streetlights are "one of our biggest line items."

Council Member Hall expressed frustration: "that's what really bothers me because we have the solar farm, we're paying out a whole bunch of money. I'm not saying that we don't get a reduction in the cost, but when you really tally it up, what's the point?"

Solar Farm Discussion

This comment led to a discussion about the solar farm and the declining returns to the city.

The Mayor noted they were "just talking about that in the revenue" section, pointing out the "drastic drop every year and our return." Last year it was \$30,000.

Council Member Hall stated he found information on the internet yesterday showing that in 2014, the solar farm was promoted as not costing the city "a penny" and would save money. He noted "it's changed hands 8 times."

The Mayor asked the City Manager to confirm that the city received money the first 2 years, but "after those first 2 years, the city has been paying out." He emphasized "every year" the city pays.

Council Member Hall reiterated "it's changed hands 8 times" and listed some of the entities: "Luma, Luma Care, Sun, Sun Solar."

The Mayor asked "if you don't pay them, what are they going to do? I mean, do we have a contract with them?" and requested finding out when the contract expires to potentially settle it similarly to the IREX situation.

Council Member Hall again noted "it's changed hands 8 times" and stated "it's changed hands at least 5 times since I've been" on the council.

The Mayor asked if they pay taxes on it. The response was no. When asked why, the explanation given was that according to a letter, the property is theirs. The City Manager clarified (asking to be corrected if wrong) that the city still owns the property.

Council Member Hall stated the letter he found online indicates otherwise. He brought a copy for the Mayor, who thanked him and requested it be emailed. Council Member Hall responded he doesn't have email, prompting some lighthearted exchange.

The Mayor emphasized "there has to be some sort of resolution about this. This has gone on for entirely too long." He explained his view that "they're buying debt. And you know, you have been careful when you're buying debt because they have to prove unequivocally" they own it. "When you call them, you tell them to show you a contract. If they cannot produce it, we don't owe them a dime."

Council Member Hall noted this involves events from "12 years ago" and referenced "2014."

Expenditures - Golf Course

The only golf course expense is electricity for the gate.

Golf Course Discussion

The Mayor stated: "It's time for us to make some hard decisions." He acknowledged people love playing disc golf and he's "happy that they have found something that they truly enjoy to do" and is "a big fan of getting outside, catching fresh air. However, it's time for this body to make a hard decision. Either we're going to sell it or we are going to turn it into-we're going to restore it to a golf course."

He asked for clarification about restrictions: "we couldn't sell it for 20 years, or did we have to wait for Miss-Mr. Stevenson passed away. Which one was it?"

The City Manager stated she wasn't sure. Council Member Hall reported he asked Mike (Stevenson's son) who said "no, we still own it and it'll never be sold." When asked if it could be turned into apartments or other uses, the answer was no.

The Mayor noted "we've tried to lease it" without success. The first company that leased it back in 2018 "did not have the money that it was going to take to keep the golf course open" (Miss Diane could confirm). They kept asking the city for assistance until the city said no "because we could just open it up as a municipal course again."

Regarding the second lease attempt, the Mayor stated the potential lessee "didn't like me, I think that's all, which was fine." The Mayor characterized it as "a bad idea to begin with," explaining "it wasn't about reopening the golf course. It was all about putting a restaurant on the golf course." While not opposed to a restaurant, the Mayor's concern was "we got to make sure the lines aren't blurred going into a situation. And there were too many blurred lines." He noted he was "just one vote" and "the council as a whole, they approved it. I was just one person, and I was fine standing on that island by myself." The person ultimately pulled out, and the Mayor remarked "I think I told you so."

The Mayor emphasized: "So we got to make a hard decision." He recalled seeing the deed "maybe a couple of years ago" and believes "it may be a case where we can't sell it at all." He asked whether there is "a restricted land covenant where it has to be something" specific.

The City Manager confirmed "it was a restricted land covenant, but it was completely restricted to the city."

The Mayor explained: "So right now the disc golf does meet the qualifications, but guess what? City's not making no money off of that." He noted "the other week they're having big tournaments out there" but "we're not making anything off the company that we were supposed to have the contract with; we don't have a contract. There's no contract."

He explained it was "a nonprofit. They came in, they said they were going to do this and do that. And honestly, I don't want to speak out of turn in saying this, but I haven't seen anything being poured into our community from said nonprofit. And I take issue with that. It's free space, free area. The facilities still work."

The Mayor stated: "we got to make some hard decisions about Winter Quarters Golf Course." He reiterated his position: "Y'all know my stance has always been we need a municipal golf course. We should have one. If they were able to revive Great Hope and give it life again, the same thing can happen in Pocomoke City, but it has to make financial sense."

A Council Member noted "now Green Hope, they're typically last year they only lost \$500,000. They were checkbook users."

The Mayor responded: "Well, you know, just so you'll know, it cost the city \$100,000 to run the golf course when it was open. But I said this all the time, even about some of our departments. Broke money don't make no money. Make it make money. If you make it make money, we're not going to be upset about covering \$10,000. Make it make money."

A comment was made that "Mr. Hawkins will be turning over in his grave right now."

Expenditures – Log Cabin

The Cabin budget decreased 38% due to reduced building renovations. The city is "on our final leg and everything else should be completed before June 30th to finish upgrading the law cabinet."

The Mayor stated: "Brandy, I really tip my hat to you for the work that you've had done in the log cabin."

Expenditures - Railroad Station

The railroad station budget remained at \$5,400 with no increase. However, the City Manager stated "there does need to be a discussion about the railroad station. There are some things that need to be upgraded in there."

She explained the railroad station houses trains, and she doesn't know if the trains can be taken down to make renovations, noting "some of the way that some of the trains are set up, it would be hard for us to go in there and make some changes." There are issues with some windows and walls.

The City Manager recommended bringing the train station representatives to a work session "to discuss what some of those upgrades need to be within the railroad station."

A Council Member suggested having a conversation with them about needed repairs, believing "they'd be more than willing" to accommodate upgrades.

The Mayor referenced seeing the county at a recent meeting with vehicles covered in plastic wrap, apparently preparing to paint or work on something (possibly the water tower). He suggested a similar approach might be necessary-covering the trains with plastic wrap to protect them during repairs. He noted "the last time I checked there was a leak in the ceiling" and emphasized "we don't want their trains to be damaged."

When asked if the railroad station is even open every day, the response was "it's open on occasion." A Council Member stated they have never been inside. When asked what's in there, the response was "Trains."

Expenditures - Parks

The parks budget decreased 14% from last year. The City Manager explained the decrease is primarily because "this upcoming fiscal year should not cost us as it did last year" for park management.

Discussion of Parks and Recreation Master Plan Feasibility Study

The Mayor reported that he and staff were invited to a meeting by Worcester County Tourism Office the previous day (described as "yesterday"). He initially thought it was a small meeting but found many people in attendance, including representatives from Amy Harris's office, Senator Mary Beth Carrozza, the county administrator, a county commissioner, city staff, and people from the Department of Commerce.

The Mayor stated: "Biggest-the greatest conversation was about the park and replacing the ball field."

He explained: "The reality now is in order for us to get a lot of funding for the things that we need to do in Pocomoke; we have to get a feasibility study. So, we need to go ahead and budget. Now we can apply for grants for the feasibility study, but y'all know it's far as I-maybe you'll get it, maybe you won't. Maybe it's hot, maybe it's cold. So, I think that

we need to budget the money for a feasibility study and still go after the grant. We can always do a budget amendment later" to use the money elsewhere.

He emphasized: "we have to work smarter, not harder. We can't get caught-excuse my expression-but we can't get caught with our pants down knowing that we need it and just relying solely on, well, we might get a grant."

When asked about the next step, the Mayor explained: "The next step would be ultimately budgeting for a feasibility study or doing a budget amendment based on demolition or something like that that we didn't use this year."

Demolition Discussion

The Mayor stated: "I'm going to tell you all about that too. There are some properties-y'all know I've been walking-there are some properties in this town" that need attention. "You don't see it when you're riding past."

He continued: "but just walking, y'all, I see it. There are some houses in this town" that need demolition. While acknowledging "you don't want to see anything demolished. You don't want to see an open lot," he noted "open lot goes a lot better than the back-lit house."

Returning to Feasibility Study Discussion

The City Manager confirmed that at the meeting, she was told the deadline for one feasibility study grant is next week. While the person was explaining the grant, the City Manager was looking it up and confirmed she found the correct one. The person subsequently had Pocomoke's password portal reset "so they could reset Pocomoke so I could apply for it."

When asked if she did apply, the Mayor confirmed "Yeah."

The City Manager added that Melanie from the County emailed Kara that morning to inform them the county will provide a letter of support for the grant application.

Expenditures - Community Legacy Grant

The Community Legacy Grant section shows the city did not receive this grant but is "going after the fact." Operating expenses for docks and the dock area increased by \$20,000.

The City Manager acknowledged: "I know that that's not enough. I know that's not enough. But there are certain parts of that outlet are in need of major repair now. So, this is a start to help repair." She noted that Bill reported that day about two boats that sunk, which "have actually taken a chunk out of the docks. So, they have to be repaired."

The Mayor stated: "I think what we have to realize-y'all would have been done if I had never brought my behind in here." He explained: "I think what we have to realize is that our dock is literally just floating. It's drifting on a memory. We have to get something stable. We have to get the bulkhead so that the dock is not-one big bad storm come through here and that dock is going to be gone. And we're going to spend all of that money repairing it, and guess what? Another storm is going to come through and it's going to wipe it out, and we're going to keep going, going through this lesson cycle. And that's what's been happening to the dock. It's been deterioration from weather and things like that."

Expenditures - Economic Development

The economic development budget increased 34%. The grant writer position is included within this department along with the events promotion's coordinator.

The increase is primarily because the line item for city grants was moved into this department. These are grants the city will award to local businesses and nonprofits, totaling \$100,000.

Grant expenditures of \$62,000 represent the Back 8 grant (\$50,000) and the Main Street grant (\$12,000), offsetting the corresponding revenue.

New Business Incentive Program Discussion

The Mayor stated: "Ms. Matthews, It is time for us to come together as a body and update our new business incentive program. I'm not complaining about what you budgeted. What I am saying though is it's time for us to look at it because this is the same new business incentive program that was in place when I got here. So, it's not a new business incentive program, it's an old new business incentive program. And the tide has definitely changed."

He continued: "Offering people rebates on their water bill, don't nobody care about that." He noted it includes rebates on personal property tax and real estate tax, "but we need to look at the requirement."

The Mayor emphasized: "this is just me, it's full of Somerset County on it. I'm not saying that we need to make it more difficult, but we need to make it easier for people that live in from Pocomoke City to open up businesses."

He provided context: "In Somerset County, you cannot get a liquor license unless you've lived there." He asked Council Member Hall how many years residency is required for a liquor license in Somerset.

Council Member Hall responded about residency requirements, noting "you can get one, get in there 30 days, or if you're an out-of-state-if you do the walk-out and build a

business in Somerset, you can get it from Somerset" but "it has to be somebody that is a resident, established residency for 2 years."

The Mayor stated: "we need to make it more feasible for city residents, new businesses. We want other people to come from other places, but we also want to encourage commerce right here for the residents." He recalled "at one point you had to own the business, you had to own the building" and asked if that changed. The City Manager responded she believes renters can qualify now, but "to be in all honesty, we've only had in the previous years, we only had one person actually take advantage of this."

Council Member Hall asked about liquor licenses, confirming the county runs that. The Mayor confirmed and noted "they finally changed it" with a \$1,000 license fee that "was high."

The Mayor stated: "I know that we can't come up with a liquor license. We can't have it, but I do-I'd like to see more permitting from the city."

Expenditures - Planning and Zoning

Planning and Zoning increased 15% from the last budget.

The City Manager addressed several line items. Because the city does not currently have a Planning and Zoning Director (still actively searching), only \$60,000 was budgeted, assuming the position may not be filled for half the year. She noted "we can always do a budget adjustment, a budget amendment for this."

When asked about additional support staff needs, the City Manager confirmed that once the Planning and Zoning department "gets back up and running," an additional person will be needed.

The Mayor commended the budgeting approach for the Planning and Zoning Director salary, noting "ultimately what we didn't know while our former planning and zoning director was here was that he was severely underpaid."

Contract labor includes the comprehensive plan contracted at \$39,600 with Peter Johnston, and the capital improvement plan. The City Manager explained these are two plans that must be completed and are included in the contract labor budget.

The City Manager reported that she and the housing director attended a roundtable on Monday with the Maryland Department of Planning, where they learned "there are grants out there for comprehensive plans, even for capital improvement plans as well. So, we will be looking into that as well."

Expenditures - Code Enforcement

Code Enforcement decreased 9%, mainly due to reduced demolition budget.

The Mayor noted that based on earlier discussion about properties needing demolition, "we need to make way for it." He recalled when the city budgeted \$125,000 for demolition every year, stating "I'm not saying that that's necessary, but demolition is also very expensive."

He expressed his preference: "I would love for someone to go around and look and rehab some of these homes, and they've done it. They've done it."

When asked if additional positions should be added to code enforcement, the Mayor asked whether full-time or part-time is preferred. The response was "full-time." When asked again, the Mayor confirmed "I think we need a full-time person."

Council Member Hall suggested an alternative: "There's this company that does that, and you know, they charge "X" amount where they go, and we charge-or another town, excuse me, charges the customer that. In other words, so it broke even. The town doesn't have to pay the code enforcement or anything." He explained the town doesn't have to worry about Social Security, unemployment, or any of that.

When asked to provide information about this company again, Council Member Hall stated the name is "First State Inspection."

The City Manager was asked to research First State Inspection.

A question was raised about whether code enforcement would move back to city hall. The City Manager responded that if the upstairs office can be repaired (addressing ceiling issues) and cleaned out, and "if the city is going to make the golf course a golf course, that clubhouse is going to be open, then yes, they would have to move back to City Hall."

The Mayor reiterated: "I advocate for golf course to be reopened. I'm advocating for is I want golf course, but it has to make sense."

He added: "What the city should continue to do was the city should have continued to cut it as a golf course. But you can't cry over spilled milk, especially not spilled milk that's 11 years old."

Expenditures - Events Promotion

Events promotion encompasses events and engagement and community outreach, all within one department. Miss Lacey applied for a technical assistance grant for one of the positions (considered new) for \$50,000, which would help offset one of the salaries.

Due to increased events, the band and music budget increased from \$15,000 to \$40,000.

Expenditures - Building Loans

Building loans for the restaurant and the PE department remain unchanged at the same amount each year.

Expenditures - Payroll Costs

Payroll costs decreased 16% due to decreased real estate retirement based on employees present as of April.

Workers' compensation remains constant, "which is a good thing."

Insurance decreased 2%, covering unemployment insurance, hospitalization insurance, and liability insurance.

Expenditures - Donations

Donations were not budgeted this year because "they're kind of-they're uplift grants as a city grant."

Expenditures - Department Other (City-Owned Taxes)

The section labeled "Department Other" will be renamed to more accurately reflect that it covers taxes on city-owned properties. This includes restaurant maintenance and repairs on the Discovery Center, showing a 1% increase due to changes in tax assessment on city property.

Expenditures - Fund Transfer

The last line item is the fund transfer from the ambulance fund of \$155,117.

Summary of General Fund

Total general fund budget from fiscal year 2026 to fiscal year 2027 shows a 1% increase.

The City Manager stated: "And that concludes our first work session for fiscal year 2027 budget."

The Mayor responded: "Great job, great presentation."

DISCOVERY MUSEUM DISCUSSION

A Council Member asked if anything about the Discovery Museum changes with activities they have going on, noting it falls under the city grant.