

**CANAL PLACE PRESERVATION AND DEVELOPMENT AUTHORITY**  
**Tuesday, July 26, 2022, Meeting Minutes**  
**Via Zoom Western Maryland Railway Station, Third Floor Conference Room**  
**Cumberland, Maryland**

Pursuant to notice distributed to members of the Canal Place Preservation and Development Authority, posted in the main entrance of the Western Maryland Railway Station, and circulated to the press, a meeting of the Authority was held via Zoom at the Western Maryland Railway Station, 3<sup>rd</sup> Floor Conference Room, Cumberland, Maryland, on Tuesday, July 26, 2022.

**Authority Members Present:** Janice Keene; Rebecca Ruppert, Stu Czapski, Al Feldstein, Ray Morriss, and Bradford Nixon.

**Staff Present:** Deidra Ritchie, Executive Director; Nicole Gray, Financial Manager; Adam Snyder, Legal Counsel; and Crystal Lloyd, Administrative Aide.

**Others Present:** Bill Seymour and Stephen Mackall, SB & Company Auditors; Bryan Gowans, WCBC Radio; Greg Larry, Times News; Melinda Kelleher, Downtown Development Commission.

**I. CALL TO ORDER & CHAIRMAN'S REMARKS**

Mrs. Keane called the meeting to order at 1:35 PM. Mrs. Keane announced that the meeting was being held via Zoom due to having to attend a previous Zoom session covering racial equity presented by the MHAA. Mrs. Keane announced that a FY19 and FY20 audit presentation would be the first order of business presented by Bill Seymour and Stephen Mackall of SB & Company, LLC.

**II. REVIEW AND APPROVAL OF FY19 Audit**

Mr. Bill Seymour and Mr. Stephen Mackall of SB & Company, LLC presented the annual audit review for FY19 and FY20

Mr. Seymour introduced himself and his colleague Mr. Mackall from SB & Company, LLC (SBC) (**Attachment #1**). Their company completed our FY19 and FY20 and indicated that the FY 21 audit results will be presented during the September Board of Directors meeting scheduled for September 27. SBC did not discover any instances of fraud in regard to this financial audit, however,

Mr. Seymour noted that a fraud audit would fall under a different scope of auditing which was not assessed by their company.

Mr. Seymour stated that they received full cooperation from management and all journal entries that were proposed which primarily fell under cash basis accounting/accrual basis method of accounting were recorded by management and prepared by the information from their records.

Mr. Seymour also discussed the Potential Risk Impact of COVID 19 that lasted through 2020 and 2021. Although the majority of the audit procedures were performed remotely and they were onsite as required, Mr. Seymour determined that their standard audit procedures allowed them to obtain evidence to provide an unmodified opinion.

SBC uses the FORCAM Audit Approach which focuses on Risk, Controls, and Account Misstatement. SBC provided a Power Point presentation that included their assessment of a number of areas, including Control Environment, Risk Assessment, Information & Communication, Control Activities, Monitoring, Treasury, Estimation, Expenditures, Payroll, Revenue, and Fixed Assets. Canal Pace was rated as effective in all 11 areas of this assessment. The only area for which SBC suggested improvements was Financial Reporting. Mr. Seymour recommended that Canal Place add another position to its accounting staff or replace the new staff that was hired in January with someone more effective in the Administrative Aide role. The addition of an additional staff member may prevent errors in the submission of reports and help the accounting staff to submit reports and provide reconciliations to the State of Maryland in a timely fashion.

Mr. Seymour stated that in closing the following are required communications from SBC to Canal Place Preservation and Development Authority.

- Auditor's Responsibilities Under Generally Accepted Auditing Standards (GAAS)
- Significant Accounting Policies
- Auditor's Judgements About the Quality of Accounting Principles
- Audit Adjustments
- Fraud and Illegal Acts
- Material Weakness in Internal Control
- Disagreements with Management on Financial; Accounting and Reporting Matters
- Serious Difficulties Encountered in Performing the Audit
- Major Issues Discussed with Management Prior to Continuance
- Management Representations
- Consultation with Other Accountants
- Independence
- Non-attest Services

Mr. Mackall continued on with the overall highlights of the results of this audit. In reference to the Statement of Net Positions for FY19 and FY20.

- FY19 is 17.1 Million
- FY20 is 17.2 Million

Current other assets would include any cash due, accounts receivable or monies due from the State of Maryland. The capital assets changed due to the current year depreciation. Current other liabilities would include accounts payable, salaries, long term payments due, and any monies due to the State of Maryland depending on when those accruals are made. The only current non-liability item is the loan taken out from the State for upgrades made to the train station.

The net position for FY19 is 16.9 million and for FY20 is 17 million, which resulted in no significant change due to the appropriation amounts. Operational results for FY19 was \$671,000 and for FY20 was \$1 million due to the year-end accruals. Expense totals are attributed to the River Park Project and those costs continued through FY20. That resulted in a loss of \$213,000 for FY19, and a loss of \$38,000 for FY20. The net position for FY19 and FY20 amounts remained consistent. Statements will show information in reference to budget to actuals.

Mr. Seymour stated that their assessment was complete and asked if Ms. Ritchie or Miss Gray had any questions, concerns, or anything to add. Ms. Ritchie thanked them for all of their hard work to finalizing the audits for FY19 and FY20 and was looking forward to the FY21 final audit being presented at the next board meeting in September.

The following motion was offered by Al Feldstein.

**RESOLVED, that the Financial Audit of Canal Place for FY 19 be approved as submitted.**

The motion was seconded by Stu Czapski and unanimously approved.

The following motion was offered by Rebecca Ruppert

**RESOLVED, that the Financial Audit of Canal Place for FY20 be approved as submitted.**

The motioned was seconded by Al Feldstein and unanimously approved.

### **III. REVIEW/APPROVAL OF MINUTES AND FINANCIALS**

The following motion was offered by Mr. Feldstein.

**RESOLVED, that the open session minutes of the May 26, 2022, open session (Attachment #2) be approved as submitted.**

The motion was seconded by Mrs. Ruppert and unanimously approved.

Miss Gray reviewed the Revenue sheet (**Attachment #3**), and the monthly Financial Expense report for the month of May 2022 (**Attachment #4**). Miss Gray reported that the expense report for June 2022 will be available once the year end close out has been finalized. Miss Gray stated that all tenants are paying rent on time and all other revenues are being paid in a timely fashion as well.

Substantial expenses included a payment to the Department of Information Technology (DoIT) in the amount of \$12K, which is a State-regulated cost that includes internet security services. Canal Place questioned the large amount and was then allotted the money from the General Services fund to pay this bill. The other substantial expense was due to having to stock up on festival ground supplies due to the numerous events that Canal Place had hosted so far this season. All other expenses are status quo. Any discrepancies are due to the change from FY22 to FY23 and credit card charges and payment timing.

The following motion was offered by Al Feldstein.

**RESOLVED, that the Financial and Revenue statements for May of FY22 be approved as distributed.**

The motion was seconded by Mayor Ray Morriss and unanimously approved.

#### **IV. EXECUTIVE DIRECTOR'S REPORT**

Ms. Ritchie highlighted her Executive Director's Report (**Attachment #5**), by stating:

- Met with auditors to review data for FY19 and FY20 CPPDA audits. Nicole has done an amazing job with the year-end close out, and she has attended many trainings and submitted all of required forms/reports for the State of Maryland. In addition, she has started with budget requests as well.
- Attended the Carver Center Board of Directors meeting.
- Attended several meetings with the MHAA Coalition of Heritage Areas as well as the MHAA Quarterly meeting. At the quarterly meeting held on July 14<sup>th</sup>, the FY 23 MHAA grant awards were announced. The CPPDA received a \$100,000 Management Grant and \$25,000 Block Grant. The Allegany County Historical Society also received funding for \$25,000 for their Heritage Days grant.
- Met with the new MHAA Program Administrator, Ariane Hofstedt. Ms. Hofstedt will be visiting our heritage area at the end of July and I will be touring our heritage area with her. She was unable to visit in July and we are in the process of rescheduling the tour.
- All staff attended a dedication at the Evergreen Heritage Center on the opening their new coal exhibit and coal trail. Congratulations to Janice Keene on this fascinating new exhibit. Mrs. Keene added that she and Ms. Ritchie took the opportunity to thank Senator Cardin, Senator Van Hollen, and Representative Trone for their support of this new trail.
- Participated in two Maryland Heritage Areas Authority (MHAA) grant review panel meetings.
- Requested and received letters of Support for the RMC grant for the Heritage Area Expansion.
- Submitted several grant proposals on behalf of the CPPDA. A grant was submitted to Maryland State Tourism for \$250k for engineering on the River Park. Another grant for \$45k was submitted to the Rural Maryland Council (RMC) for the boundary expansion and management plan update. No word to date on these grants proposals.
- Met with the Allegany Arts Council, city of Cumberland, Allegany County, and Frostburg State University to collaborate on a potential grant and partnership that would create three years of free programming to residents and visitors to Allegany County. If the grant is awarded, most of these events would be held at the Festival Grounds at Canal Place. Even if the grant is not awarded, these entities will continue to meet to seek

funding and host events. This is a \$250K grant request that is currently in approval mode.

- Department of General Services (DGS) is now taking care of all of our capital maintenance issues at Canal Place and have been involved over the past 2 years, and anything that costs \$5K or above is being taken care of by DGS regarding capital maintenance. We are on this list which is based on emergency and priority projects. Our emergency project is to replace the HVAC systems at the Shops at Canal Place. We have put this project out to bid several times and no one has bid on it. We are hoping that DGS can help us out with finding someone to bid on this project. The next bid that will go out to bid will be some major repairs on the roof here at the WMRS to include a hole in the chimney and rotting around the dormers at the station and some major issues with roof tiles that need repair.
- We be attending the Maryland Associate Counties conference in Ocean City, August 16-21 to promote the Heritage Area.

## **V. NATIONAL PARK SERVICE UPDATE**

We do not have a representative from the National Park Service. Tina Cappetta did send an email to Nicole Gray indicating that she would not be able to attend today's meeting but that they are in the process of interviewing candidates for the interpretive park ranger position that will be stationed in Cumberland. HR is a slow process and that they hope to have the permanent position filled in the next few months. In the meantime, they have been able to staff the visitor center on Friday through Sunday from 10:00 a.m. to 3:00 p.m. and those hours will continue as long as we do not have an uptick in Covid-19 cases.

## **OLD BUSINESS**

### **• River Park Update**

Ms. Ritchie stated that there is great news about the River Park. A meeting was held with the interagency review team regarding the service area. Water Land Solutions wanted the service area from the Allegany County Fairground to the Chesapeake Bay. We did not get that service area; however, we did get a smaller service area which is very workable opportunity. Water Land Solutions is still on board to continue to help through this project. Ms. Ritchie stated that she cannot thank Senator Cardin's office, Robin Summerfield, Senator Van Hollen, Congressman Trone for the \$12 million dollars that we received for the River Park. This funding displays the support for Allegany County and Canal Place and the economical and recreational benefits that the River Park will provide for the area. Ms. Ritchie stated "I believe it goes hand in hand with the grants for the city, county, FSU and trying to attract recreational manufacturers to our area". The money still has to be approved and that should occur sometime in the October timeframe. Ms. Ritchie mentioned that she met with Serena McClain, the Regional Director of the American Rivers NE, and she sees this project as a priority and is going to assist with

funding this project. Allegany County Tourism provided \$250K, the city and county matched those funds and we appreciate their partnership.

- **Grants Update**

Ms. Ritchie stated that Canal Place was approved for a Maryland Heritage Area Authority Grant in the amount of \$100K, and additional funding of \$25K from a block grant/mini grants program from stakeholders and partners for those within the Heritage Area boundaries. The Allegany County Historical Society was approved for a \$25K grant for Heritage Days which is great news for Canal Place and Allegany County.

## **VI. NEW BUSINESS**

- **Heritage Area 5-year Plan/Expansion RFP**

Ms. Ritchie is seeking board approval for Acorn Hill Strategy Consultants to hire these consultants for our proposed county wide boundary expansion/management plan for our 5-year action plan RFP. We put the proposal out 3 times and the first 2 times it was advertised we had no one bid. The third time Acorn Hill provided us with a bid of \$68,250 and once the plan is executed the process should take approximately 1 year to complete. Acorn Hill is very familiar with heritage areas and they come highly recommended as they have been consultants for heritage areas throughout the State of Maryland. Ms. Ritchie suggested that an additional benefit to this boundary expansion. She noted that we have 1.67 square miles of heritage area which generated a economic impact of \$19 million dollars. For example, Garrett County has 186 square miles of heritage area and they have generated an economic impact of \$155.1 million dollars for that county. Ms. Ritchie stated that the expansion of the heritage area will have a powerful financial impact on Allegany County.

The following motion was offered by Al Feldstein.

### **RESOLVED, Acorn Strategy approved as consultant for Heritage Area 5-Year Plan/Expansion RFP.**

The motion was seconded by Mayor Morriss and unanimously approved.

- **Tim Martin Home Improvement Contract Approval**

Miss Gray announced that this was the year that we put our maintenance contract out to bid in June. It was advertised in both the Cumberland Times News and on our website. We only had one bid and that was from Tim Martin, our current maintenance staff. Canal Place requires any/all bidders do a mandatory walk though so that those interested in the position get an all-encompassing job detail as it is 365 days a year and a 24/7 hour on call job. Tim Martin put in a bid of \$150,000 and Canal Place believes that was reasonable bid due to the current state of the

economy and that we had that amount budgeted. It is a 1-year contract with 2 (two) 1-year renewals available. Miss Gray stated that she could not think of a person better equipped for the job, and that she considers him “man of the year” and a true asset to Canal Place. We would like to request approval from the board to accept Tim Martin as our maintenance staff.

The following motion was offered by Al Feldstein:

**RESOLVED, approved, Tim Martin, Maintenance Contract Approval**

The motion was seconded by Bradford Nixon and unanimously approved.

**VII. PUBLIC COMMENT**

Mr. Larry questioned Ms. Ritchie about the reduction of the heritage area and about what amount was reduced. Ms. Ritchie responded stating that this information is in the preliminary stages, but the service area will be from the Allegany County Fairgrounds will continue on to the Hagerstown, Maryland area. Mr. Larry asked “when were you notified by Water Land Solutions that they were still interested in this smaller service area”? Ms. Ritchie responded that she received the information this morning. Mr. Larry continued with the question “what is the next step in the process”? Ms. Ritchie responded saying that the next step is to get estimates on what it is going to cost for the engineering studies, removal of the dam, and the cost of all required permits.

**VIII. NEXT MEETING DATE**

The next meeting of the Canal Place Authority is scheduled for Tuesday, September 27, 2022 at 1:30 PM.

**IX. ADJOURNMENT**

Mayor Ray Morriss offered a motion to adjourn the open session.

The motion was seconded by Mr. Czapski and unanimously approved. The meeting adjourned at 2:22 PM.

Respectfully Submitted,  
Janice Keene  
Chair