



Town of Rising Sun
Special Town Meeting Minutes
Budget Meeting
May 23, 2016

Let it be remembered that the Mayor and Board of Commissioners of the Town of Rising Sun, held a Special Town Meeting on the 3rd floor of the Town Hall on Monday evening, May 23, 2016 at 7:00 PM. For the record the meeting place and time were duly posted as required.

MEMBERS IN ATTENDANCE: Mayor Travis Marion, Commissioner Dave Warnick, Commissioners Allen Authenreath, Commissioner Brian Leishear and Commissioner Joe Shephard.

MEMBERS ABSENT: None

STAFF/CONSULTANTS PRESENT: Town Administrator Calvin A. Bonenberger, Jr., Police Chief Chip Peterson.

IN THE MATTER OF CALLING THE MEETING TO ORDER: The meeting was called to order at 7:00 PM by Mayor Travis Marion and followed by the roll call and pledge of allegiance

IN THE MATTER OF PUBLIC PRESENTATIONS:

Following up on the conversation of previous meetings, the Town Administrator provided a more comprehensive and detailed analysis of the Town's current taxing structure and deficiencies in cash flow due to declining property values, declining tax revenue streams, and escalating cost for basic services that have been compounded by over 1.5 million dollars of self-inflicted financial wounds related to defending frivolous lawsuits, paying claims for ill-advised public comments, and correcting years of neglect by some of the development community back in the early 2000's. The Town Administrator further provided some preliminary analysis showing how the assessed values of properties in Town have decreased by 16.14% since 2010 for a total loss of \$47,378,739, which results in a loss of cash flow revenue of \$192,452. When adjusted for the recognized inflation of 9.7% over that same time period, the loss in assessed value is actually \$51,974,477, with a loss of cash flow revenue of \$211,120 over that same period for a total percentage reduction of assessed value and cash flow revenue of 22%.

The Town Administrator provided some cursory charts and data showing the Town's ranking among the other Cecil County Towns based upon assessed property values per population; and tax money spent for services provided to the community based upon population. The Chart indicated that the Town had the second lowest expense per person, coming in at a total of \$267.37 spent for each person compared to the next closest community. The chart showed a sizable increase per person with some of the remaining communities, with the Town of

Perryville coming in at \$320.55 per person and the Town of North East coming in at \$414 per person and the Towns of Port Deposit and Chesapeake City both topping \$500 per person. He highlighted the fact that of all the communities, the Town of Rising Sun spent the least amount of money per person to provide 24 hr. police protection and building inspection services.

There was a great deal of discussion of what these numbers meant. The board discussed the need to reinvest in the community to attempt to bring the assessed values of properties up. The Town Administrator provided an analysis of what the impact would be on the average Town tax payer based upon various levels of a tax increase. The elected body discussed ways of off-setting some of the financial impacts on the residents, which led to a discussion about charges that are currently carried on the utility bill. This was a follow up to discussions that actually started during last year's budget process. The Town Administrator provided a preliminary graph of the possible positive impacts of moving certain charges from the Utility Bill over to the Real Estate Tax. He introduced some preliminary numbers that indicated the tax benefits of moving the sewer and water debt service, trash collection and bay restoration fees over to the real estate taxes, based upon home ownership, tax bracket and other variables. He cautioned that by moving those utility bill charges to the real estate tax, there would be a cash flow issues unless the Town raised the tax rate to cover this new extra expense of roughly \$387,000 that would now have to be paid by real estate taxes. This would require the taxes to be raised roughly 50% increase in taxes across the board and would result in a roughly .21 cent increase on the tax rate. He suggested that if the Board wanted to provide the previous tax benefits relief for residents, that a special tax could be created that would be specific to items that effect all taxable properties equally such as debt service. He further explained that all general fund categories have various revenue line items that are used to pay for the cost associated with the expense of that fund. More specifically, he noted that nearly every fund category has a real estate line item that is listed to reflect any real estate taxes that are allocated to pay for fund expenses. However, under the current financial structure the Solid Waste Collection Fund only allocates \$992 of real estate taxes to off-set the cost of roughly \$230,000 to provide for trash and recycling collection. Conversely, the Debt Service Fund has over \$260,000 of debt service tied to Town Hall building mortgage, street repaving loans, auto loans, leasing; and covers these expenses by allocating both real estate taxes and income tax towards these expenses. Under this new concept, the Town could redirect those real estate taxes and income tax to pay for the expenses in the solid waste collection. In turn a new Debt Service Tax could be created to offset the bulk of the Town's debt service related to the above, plus funds to cover the old debt service related to the water fund. This new debt service tax could essentially be tied to current and future debt service payments and could be adjusted accordingly. After a great deal of discussion on the pros and cons of this initiative, the board suggested that the Town Administrator should look at this and advise at the next meeting.

The Town administrator reviewed budget impacts of expanding town staff as requested by the Mayor and Commissioners at previous budget meetings. The board continued discussion on the positive impacts of enforcing the Town's Property Maintenance Code Program, which can have a direct impact on assessed values of homes. The board also continued discussion about other cost saving initiatives that would require an upfront expenditure to ultimately save money in the future, such as street paving, sealing and utility line repairs.

With no other business to come before the Mayor & Commissioners, a motion was made by Commissioner Leishear and seconded by Commissioner Warnick to adjourn the meeting at 10:15 PM.

Respectfully submitted,

A handwritten signature in blue ink that reads "Calvin A Bonenberger Jr". The signature is written in a cursive style with a large, looping initial 'C'.

Calvin A Bonenberger Jr
Town Administrator – Acting Town Clerk