



Town of Rising Sun  
Special Town Meeting Minutes  
Budget Meeting  
May 25, 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 31, 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 in-depth view 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. At previous meetings, the Mayor and Commissioners were entertaining the reality of having to raise the property tax to offset the declining values. The Town Administrator suggested that ideally the Town is like a business and like any business it is not good to be one disaster away from financial difficulties. He suggested that a stable municipality is one that has a debt to reserve fund ratio of roughly 1.2 to 1.5, meaning the Town has reserve funds equal to 14 – 18 months of expenses. The Town currently has less than 2 months reserve in the general fund and is essentially living "pay check to pay check". He reminded everyone again that you cannot expect to spend 1.5 million dollars responding to frivolous lawsuits, and ill-advised comments that have resulted in expensive payouts of claims, and not have this impact your bottom line significantly. After a great deal of discussion, it was agreed that trying to achieve this level of stability was going to take several years to achieve. The Town Administrator estimated that the Town would have to balance a budget equal to \$250,000 in reserve, each year for the next 12 years to achieve this recommended reserve balance. It was agreed that until the Town started to grow economically and resolve its water issues, the Town could not support such an aggressive rate increase this year alone. The Mayor and Commissioners discussed ways to balance the

priorities and initiatives proposed in this budget. It was clear that a tax increase was needed and that the Town was already using reserve funds to pay for this year's expenses due to Ryan Drive and other unplanned expenses. After detailed review of the Town Administrators Tax impact chart the Mayor and Commissioners discussed a tax rate that would bring the Town's real estate tax equal to the Town of North East at .48 per 100 of assessed value. Based upon the analyses presented over the past 3 meetings, a motion was made by Commissioner Warnick, seconded by Commissioner Leishear to move forward with the required advertisement to raise the tax rate from .4062 cents per \$100 of assessed value to .48 cents per \$100 of assessed value. This would generate roughly \$138,000 of new tax revenue. The motion passed 4-0

The board continued discussions of moving some of the utility bill charges over to the real estate taxes in order to create a possible reduction of cost for some property owners, by way of possible tax deductions. The Town administrator provided some preliminary details of tax deductions based upon tax bracket. He also stated that he had checked with the Town Accountant who provided some limited guidance but was still researching various IRS regulations to confirm the scope of the possible benefits. The Town Administrator had also spoken to the County and the State about the legality of moving the Bay Restoration fund charge over to the real estate tax. The state was supportive of the move and indicated that other communities have done this as well. The Town Administrator was going to continue to research the issues to see what some of the impacts could be. The Mayor and Commissioners held in-depth discussion about the impact of moving utility bill charges over to the real estate tax and the impact it could have on the various types of property owners such as renters and landlords. It was determined that the greater good would be achieved for many of the residents by making this move for the benefit of providing a tax deduction for those who own their properties and itemize their taxes.

Discussion continued on the concept and timing of hiring town staff as requested by the Mayor and Commissioners at previous budget meetings. There was also discussion about the need to replace aging equipment and to expand the fleet of equipment in order to allow the Town public works employees to do more utility piping repairs and street patching in house. The board discussed in more details the benefits of a mini excavator and a vibrating roller for black top. They also discussed other equipment for consideration such as black top sealing.

With no other business to come before the Mayor & Commissioners, a motion was made by Commissioner Warnick and seconded by Commissioner Leishear to adjourn the meeting at 10:24 PM.

Respectfully submitted,



Calvin A Bonenberger Jr  
Town Administrator – Acting Town Clerk