



Hillsborough Town Board
Budget Workshop
May 22, 2006
Town Barn, 7:30 PM

The Hillsborough Town Board held a Budget Work Session on May 22, 2006 at 7:30 PM in the Hillsborough Town Barn. Present for the Budget Work Session were Mayor Tom Stevens and Commissioners Frances Dancy, Brian Lowen, Michael Gering, Evelyn Lloyd, and Eric Hallman. Present were Town Manager Eric Peterson, Town Clerk Donna Armbrister, Finance Director Greg Siler, Town Engineer/Utilities Director Kenny Keel, Police Chief Clarence Birkhead, Public Works Director/Assistant Town Manager Demetric Potts, and Management Intern Matt Wagner.

7:32:12 PM Mayor Tom Stevens called the meeting to order at approximately 7:32 PM.

1. PUBLIC HEARING

Mayor Stevens noted that tonight's agenda was a public hearing on the budget, and after that public hearing the Board would continue the discussion. He stated that several people had signed up to speak.

7:33:30 PM Joe Phelps addressed the Board regarding comments made at the planning retreat, in that the Town had been conservative in the past and needed to take a new direction. He said some members of the Board had made promises during their campaigns that were not reflected in the proposed budget, and he believed they should fulfill those promises.

Mr. Phelps stated that the proposed Planner position should be fulltime because it was badly needed. He said at the retreat it had been noted that more police and equipment was needed, and that was not included in the proposed budget. Mr. Phelps said during the campaign all of the candidates agreed that Hillsborough needed to be a safe place, and more police and equipment would assist in that.

Mr. Phelps said the \$500,000 grant recently received for Riverwalk was a great accomplishment, noting those funds had to be spent within a certain length of time. He said that projections indicated some funds would be allocated in 2008-09, but in order to build that approximately \$1.5 million project some funds needed to be allocated now.

Mr. Phelps said regarding sidewalks, everyone wanted them but we had little money to pay for them. He said there was some money in the proposed budget for sidewalks, but no extra to pay for what the citizens had asked for and was promised during the campaign.

Regarding the Water and Sewer Fund, Mr. Phelps said the Board had accepted that without additional users, the rates would continue to rise. He noted that the sewer line over the Eno

needed some work and it had been delayed too long. Mr. Phelps stated it was a good idea to increase the rates so that the same dollar amount was paid by out-of-Town users as in-Town users, which he said would automatically reduce the multiplier.

Mr. Phelps said he knew the Board had a hard job but they had volunteered for it, and they should honor the promises made to citizens when they were elected.

[7:39:55 PM](#) Evelyn Poole-Kober said at the federal level taxes could not be automatically raised, rather programs had to be cut. She said she wanted to pose some statements and questions as if she were a member of the Board.

Ms. Poole-Kober said when the paper printed the story regarding the mathematical error that had resulted in the shortfall being larger than originally expected, she had thought about what would happen if she had made that error on her job. She said she would have expected some type of disciplinary action in the form of a poor rating or even firing. Ms. Poole-Kober asked who would be accountable for making that error.

Ms. Poole-Kober asked why the Town was not undertaking an annexation to the north, at St. Mary's Road to Hwy. 70 and north of Hwy. 70. She said there were a lot of water users in that area not in the Town limits as well as a new shopping center. Ms. Poole-Kober said annexing that property would produce more revenue.

Ms. Poole-Kober said she had read a story regarding homes being bought in the Fairview area for Habitat for Humanity housing. She said although she appreciated what Habitat was doing, she was not sure she agreed that municipalities should be in the housing business. Ms. Poole-Kober said that should be left to private industry. She said there were homeowners in Town who were as financially bad off as people who qualified for Habitat houses, but those homeowners had purchased very small homes at a time when they could afford them. Now, Ms. Poole-Kober said, those homeowners were being asked to pay higher taxes to pay for better, larger homes for others. She said she had difficulty reconciling that in her mind.

Ms. Poole-Kober said the Town was now helping to pay for some citizens' water, yet we were proposing to increase water rates. She said she had difficulty reconciling that as well, that we were proposing to raise rates for people on fixed incomes, yet at the same time expecting them to help pay for water for others who had low incomes.

Ms. Poole-Kober asked what Riverwalk included other than purchasing rights-of-ways and providing walkways from point A to point C. She said if it included nothing else, then why was it some important, and why would we spend that much money on trails by the river when within the Town we don't even have sidewalks. Ms. Poole-Kober said it would be nicer and safer to provide sidewalks for Town residents.

Ms. Poole-Kober said she had attended a Town meeting about two years ago, where the discussion centered on the need to provide sidewalks where children walked to school, especially

around Hillsborough Elementary School. She said she would like to see sidewalks built within the Town before money was spent on Riverwalk or similar projects.

Ms. Poole-Kober ended by stating that she believed all Town Board members should have posted email addresses on the Town's website so that they could easily be contacted by citizens.

Mayor Stevens noted that the Town would attempt to respond to each of her questions at a later time.

7:47:20 PM Edna Ellis said she agreed with Mr. Phelps that the Police Department needed additional funding to fight crime and control the drug problem. She said the Police deserved to be given anything they needed to do their jobs.

Ms. Ellis said she had read an article in the paper that stated we had no new water users, and asked wasn't that because we had committed our water to projects that had never started construction?

Ms. Ellis said she agreed with Ms. Poole-Kober that Riverwalk would not be giving the citizens what was really needed.

Ms. Ellis said to raise property taxes and increase water and sewer rates, you were penalizing people in Fairview, West Hillsborough and Flintridge, who were already having problems paying their water bills. She said when Social Security increases were made in 2004 they had received only a 2.1% increase, in 2005 a 2.7% increase, and this year a 4.1% increase. But, she said, you had to remember that Medicare expenses had increased considerably and this year people would have to pay for the Medicare prescription drug plan. So, Ms. Ellis said, the increase over the last three years had been minimal, yet the Town Manager was proposing to grant Town employees a "hefty" merit increase of an average of 3.75% plus a 2% cost of living increase that she could not agree with. Ms. Ellis said already we had to help people pay their water bills, and we should not be increasing our tax rates or our water and sewer rates.

Ms. Ellis said she wanted to know why \$20,000 had been set aside for Faribault Lane, asking if it was being realigned because of the Weaver Street Market. She said a Senior Planner was needed at this time, noting that no current members of the Planning Board had the expertise that a Senior Planner would provide. Ms. Ellis said if we couldn't hire one outright then why not have one on-call? She reminded that Board of the work consultant Scott Radway had provided with Owl's Wood, noting that kind of expertise was needed to guide and advise us.

Ms. Ellis asked why we were not concentrating on a movie theater or other recreational activities for children. She suggested a bowling alley or a cafeteria as things that Hillsborough needed. Ms. Ellis also suggested that a new audio system was needed for the meeting room.

7:53:01 PM Mayor Stevens stated that no other members of the public wanted to comment, and closed the Public Hearing.

[7:53:09 PM](#) Water and Sewer Fund, Proposed Budget, Beginning Page 22

Town Manager Eric Peterson noted that the three-year financial picture, including the rate increases in water and sewer, yielded a deficit of \$102,000 for which we would use existing Fund Balance to balance the budget. He said the target for fund balance in this fund was 25%, and this had the fund balance dropping to 16.3% in the water fund, which was not quite 2 months of operating expenditures. Mr. Peterson said it would be preferable if we could identify cuts or make other decisions that would get that balance up to 20%. He said it was fine to leave it at 16.3%, but in the next couple of years if we did not raise rates we would have close to a \$900,000 deficit in FY 2008, and close of \$800,000 in FY 2009. Mr. Peterson said assuming the expenditures projected were on target we would experience a significant deficit unless we gained additional revenue from new customers or increased use from current customers in addition to raising rates. Mr. Peterson said he had not included projections for FY 2009, but providing that information helped to clarify the Town's position.

Mr. Peterson encouraged the Board to ask questions regarding the projected expenditures, noting they had been tight in their expenditures in the past, nonetheless they were facing a difficult situation and wanted to Board to have the best understanding possible.

[7:56:49 PM](#) Commissioner Gering asked how did this year's figures compare to last year's budget. Mr. Peterson said he did not have last year's budget with him, and did not recall what deficit had been projected for the out years. He said he did not believe the projections from last year had painted the picture quite as severe.

Commissioner Gering said it was surprising to him to project a fund balance of 16.3% even with the proposed rate increase. He said he was part of setting the policy for a 25% fund balance. Commissioner Gering asked if Mr. Peterson had any idea what had gone wrong to cause us to be in this position. Mr. Peterson said he would get that information and pass it on to the Board, but his recollection was that it would be a struggle to keep it at 20% in any case. He stated that if you look at water usage and water sales, it was not completely flat but was close to it, and when you had sluggish growth year after year and the system was aged, it began to catch up with you.

Commissioner Gering said he had asked for that information so that the Board would better understand what had happened and why.

[7:59:02 PM](#) Mayor Stevens said we were projecting flat water usage up until FY 2009, barring any other major company or project coming on line. So, he said, raising rates was about the only choice. Mr. Peterson said there were two controllable factors, raising rates or cutting expenses. He said he had taken the approach of minimizing expenditures where it made the most long-term sense and hoping for some additional revenue growth, but that growth had not materialized.

[8:00:40 PM](#) Mayor Stevens said clearly the Board had done everything it could do as well. He said the Water Board had agreed that the Town was doing a good job.

[8:00:52 PM](#) Commissioner Hallman said as we push more things into the out years, are we putting ourselves in a position of having more expenditures when we do have to ramp up. Mr. Peterson said the largest ramp-up cost would be Phase 2 of the reservoir and the expansion of the water plant, which the maintenance that we were postponing may end up costing us more

[8:01:40 PM](#) Commissioner Hallman said Mr. Peterson was talking about any construction projects. Town Engineer/Utilities Director Kenny Keel said that was correct, noting we had some major sewer line projects that were coming up in the next few years. He said we could only delay them so long in hopes that growth would help to fund them. Mr. Keel said some of these projects were not on the horizon five years ago, but the development of the 20-year Capital Improvements Plan had identified the need.

Mr. Keel stated he did not think we had delayed anything that would hurt too much, but we could not continue to delay them without having a larger impact. He said there was nothing listed that was causing deep concern for him, but cautioned that delaying the projects would have consequences.

[8:03:24 PM](#) Commissioner Dancy agreed with Commissioner Gering that something major may happen that would wipe us out, and we needed that fund balance to help with those kinds of emergencies. She said that concerned her.

[8:04:01 PM](#) Mr. Peterson said he wanted to go through each section of the proposed budget and make sure the Board had a good understanding of any new expenditures or expansions, so that if they were funded the Board would know what was included and that any problems areas were identified.

[8:04:46 PM](#) Commissioner Lloyd she believed the Board understood the situation with the fund balance and the need to build it back up. She commented that we did not want to annex everything possible because if we did not annex the right thing it could cost us more than we gained. Commissioner Lloyd said it was true we could not continue to delay putting in water and sewer lines, noting it took quite some time to get them installed. She said many of the lines were old and it took money to replace them.

[8:06:42 PM](#) Mr. Keel stated that he had been with the Town seven years, and in that time much progress had been made, resulting in the Town being in much better shape. He said much had been done to improve the system, but there were still needs.

[8:07:34 PM](#) Commissioner Gering said if his calculations were correct, to achieve a 20% fund balance we would have to achieve about a \$280,000 cut.

[8:07:59 PM](#) Commissioner Hallman said he believed the Town was way ahead of the curve, and that should be publicized. He said a lot of towns had aging sewer systems that were not being maintained. Mr. Keel said it was a common problem, and we were doing okay.

[8:08:34 PM](#) Commissioner Hallman asked if they had calculated the variance difference between the actual and the projected estimates. Mr. Peterson said he did that in November or December when the audit was released, noting that information was calculated and provided to all the departments so they could determine how well they had done in their calculations. He said when those estimates were off, it might mean we had more money than first thought but it resulted in projects not being funded. Mr. Peterson said once those calculations were done he took another look at the budget and made adjustments where necessary for the coming year.

Mr. Peterson said when you were trying to estimate in February what your maintenance and repair costs would be for the next year, it was hard to anticipate unexpected breakdowns.

[8:10:07 PM](#) Commissioner Hallman said he was thinking how looking back might help us look forward more accurately in the out years. Mr. Peterson said generally with a very few exceptions the departments had come in under their estimated expenses in those cases.

[8:10:47 PM](#) Mr. Peterson said it was a challenge, especially in the water fund, when our heaviest usage was the last of May and into June, but we did not receive that information until July when we had already adopted the budget. He said in recent times we had not had a surplus, but it was a hard target to hit.

[8:11:41 PM](#) Commissioner Hallman said last year we had not initiated raising water rates until late in the budget year, and asked had that hurt them. Mr. Peterson responded not in a big way, probably less than \$100,000.

[8:12:47 PM](#) Commissioner Gering commented that as the Board when through the budget, he would be interested in highlighting items that could possibly be delayed and revisited in January, noting his nervousness about the 16.3% fund balance and he did not believe they could find \$280,000 tonight.

- [8:14:26 PM](#) Engineering (Utilities), Proposed Budget, Beginning Page 240

Mr. Peterson said the only new expenditure proposed was for the new position of Assistant Utilities Director at a total cost of \$67,700 including salary, benefit, and equipment. He noted this had already been delayed two years. Mr. Peterson said if the Board did not find the necessary cuts by the time they went through the budget, then perhaps this position could be considered. But, he said, Mr. Keel had an extremely technical job, including site plan reviews and designing improvements to the water and sewer system. Mr. Peterson said he could not imagine having to perform the calculation Mr. Keel was required to do and deal with the constant interruptions he dealt with. He said he worked in the same building with Mr. Keel and there was a constant stream of people in and out of his office daily. Mr. Peterson said they had many missed opportunities to address situations because it was so difficult for Mr. Keel to find the time. He said with an Assistant Utilities Director, Mr. Keel would be able to assign supervision for the line crews and electricians and free his time up for other activities, such as the technical site plan reviews and overseeing the systems.

Mr. Peterson said if we conducted a job analysis of the activities Mr. Keel was currently doing, he believed we would find that he was doing many more tasks that others in his position were expected to do.

- [8:17:03 PM](#) Billing and Collections, Proposed Budget, Page 258

Mr. Peterson said there were only a few significant changes of note. One, he said, was a large reduction in department supplies for meter reading, which was the project of purchasing the radio read meters at one time and hiring someone to install the remainder of them, of which about half have been installed which accounted for the reduction. Mr. Peterson said the savings was actually more when debt service was calculated into that. He said this would pay for itself in the long run, noting this program would replace meters that were older and slowing down, which cost the Town revenue. Mr. Peterson said it would also free up personnel time, noting that once the system was installed they could reduce their meter readers from three to two. He said that position could then be transferred to the line crew, which would allow the new Utilities Inspector position to be created to work out in the field and oversee the infrastructure. Mr. Peterson said that would result in a zero change regarding personnel numbers.

Mr. Peterson said they would be able to handle meter reading with two personnel, and there would be some days when those personnel would be available to work on maintenance issues on the system and do other jobs as identified by the Engineer.

[8:19:45 PM](#) Commissioner Gering said the proposed budget called for an expenditure of \$750,000 in capital improvements. Mr. Peterson noted that included the installation.

[8:20:39 PM](#) Finance Director Greg Siler said the outsourcer was responsible for hiring sufficient personnel to achieve that, and as he recalled their time frame to achieve completion of the project was about four months. He said they had also agreed to reprogram our existing system. Mr. Siler said the company had many years of experience and would bring personnel in to get the job done.

- [8:22:40 PM](#) Water Plant, Proposed Budget, Page 264

Mr. Peterson noted this would be the first year we would have to make the debt service payment. He said the original estimate was \$136,000, but from the amortization schedule provided by the State we anticipate that payment may be less.

Mr. Peterson said the additional chlorine feed point in the system would be paid for by using surplus funds from the water plant account

[8:23:09 PM](#) Mr. Keel said those surplus funds were for the design of the water plan expansion that we had already spent, but were reimbursed for. He added there were also some additional funds in the construction account.

[8:23:28 PM](#) Mr. Peterson called attention to the graph on page 265, noting the gallons of water treated over the past few years.

- [8:24:03 PM](#) Water Distribution/Wastewater Collection, Proposed Budget, Page 278

Mr. Keel stated that we had experienced frequent breaks on the Orange Grove Road waterline, noting it was a thin-wall plastic pipe under a wide shoulder. He said much of it had already been replaced, because sections of it had been repaired over the years. Mr. Keel said they had experienced two breaks over the last six months, and we needed to replace the entire line and move it outside of the paved area so that when we had breaks we did not have to repair the State road. Mr. Keel said they wanted to upgrade that from a six-inch line to an eight-inch line, which would help with capacity as well. He said they planned to contract that out to an outside firm, and would supplement the funding for that project using existing EPA-STAG 55% matching grants and funds left over from the Water Plant Upgrade project.

[8:26:10 PM](#) Commissioner Hallman asked how much time we had before the State began the widening project. Mr. Keel responded it had been completed about six months ago, and we had been lucky that the last two breaks did not require tearing up any of the State road. He said at this time some of that line was just under the pavement and some was right at the line of pavement.

Mr. Keel said this project had already been deferred once, and we had learned just after that that the road was being widened. Now that the widening had been completed, it was time to replace the line and move it away from the pavement. Mr. Keel said we should be able to replace the line without having to repair but a few small portions of pavement.

[8:27:47 PM](#) Commissioner Lowen asked would we be replacing the entire line, or only the older places that had not experienced breaks as yet, leaving the recently repaired line in place. Mr. Keel it was not really new pipe, only sections of repaired pipe. He said their intent was to replace the entire line with new pipe from Exchange Club Park up to the entrance to Patriot's Point. Mr. Keel added the

[8:29:21 PM](#) Commissioner Lowen asked if this new line would be able to handle any new development that might take place in the future. Mr. Keel said it would be able to handle anything within reason.

- [8:30:15 PM](#) Wastewater Collection, Page 282

Mr. Peterson said on page 285 under Sewer Rehab. (I&I) for FY 09, it increased from \$20,000 to \$50,000 a year, noting that matching funds from a STAG grant would be used to help finance that.

[8:31:03 PM](#) Mr. Keel said there were some things that the crews could not do, due to lack of time, lack of manpower, or the job was too involved and had to be hired out. He said they needed to hire a company that specialized in rehabilitation manholes, or slit lining pipes, things

of that sort. Mr. Keel said he had originally estimated \$80,000, but had reduced that to \$50,000 to make the budget more manageable.

[8:32:36 PM](#) Mr. Peterson noted we could possibly defer the generator project, while he hated to suggest it. He said it was not desirable, since about two-thirds of the system did not have back-up generators.

[8:33:28 PM](#) Commissioner Hallman asked if that project would qualify for debt financing. Mr. Peterson said yes it would. He said that \$375,000 was the estimated cost of purchasing and installing the generators and debt service was \$63,700 per year. Mr. Peterson said the reason \$32,000 was in the budget for FY 2007 was that we would delay it until mid-year to save the funds. He said that would be a savings of \$32,000 for FY 2007 and conceivably a savings of \$64,000 in FY 2008 if it were funded in the second year. Mr. Peterson said this was a legitimate request, but we could delay it until mid-year.

[8:34:56 PM](#) Mr. Keel said seven years ago we had one portable generator in the entire Town. Presently, he said, we had eight permanently mounted generators at sewer pump stations and four on trailers. Mr. Keel said we also had a generator at the Town Hall and at the Police Station, noted they had gradually improved the situation over the years. But, he said, you could not predict when we would suffer a major ice storm or other catastrophic event.

Mr. Keel said even with this progress, there were only eight of 27 locations with generators, leaving 19 with no backup.

[8:36:19 PM](#) Commissioner Hallman proposed identifying the most important six or seven locations for generators and funding only those in FY 2007.

[8:36:41 PM](#) Responding to a question from Commissioner Lloyd, Mr. Keel commented that the construction on the first phase of the Cane Creek Outfall would begin this week. He said that Phase 2 was a couple of years out.

[8:37:13 PM](#) Commissioner Lloyd asked if that would affect the Nazarene Church or was it too far from Cates Creek. Mr. Keel responded that the Old Mill Pump Station would be taken off-line during the first phase, and Florence Hills would be taken off during the second phase. Mr. Keel said that Old Mill actually had a generator now, but when that connection was made that generator would be used elsewhere.

[8:37:44 PM](#) Commissioner Lowen asked if we were still looking at needing seventeen generators if one were being moved from Old Mill. Mr. Keel replied it was seventeen, noting the one being moved had been figured in the total.

[8:38:27 PM](#) Commissioner Lowen stated he agreed we should look at funding only the ones that were most important or critical for the coming year.

Commissioner Lloyd stated perhaps the other locations without generators could be given priority for reconnection when electricity was knocked out.

[8:39:26 PM](#) Commissioner Lloyd suggested funding half. Mr. Peterson said he could go back and prioritize the locations, but it would be helpful to have some direction from the Board if we wanted to spend money for generators in FY 2007, or defer it until FY 2008.

[8:40:57 PM](#) Commissioner Gering said his suggestion was to re-evaluate this in January to see if we could buy all seventeen or at least some of them. He said he understood their importance, but he also wanted to reduce the budget by a fairly significant amount.

[8:41:18 PM](#) Commissioner Lloyd suggested funding seven in FY 2007.

[8:41:26 PM](#) Commissioner Dancy agreed.

[8:41:28 PM](#) Mr. Keel said one thing to remember was that it would take a couple of months from the time a generator was ordered until it was delivered, and then it would have to be installed. He said if we delayed purchase until January, it would most likely be May before they were installed and operational.

Commissioner Gering said he was not suggesting that we delay all of them, but that we spread out the purchase to allow us some flexibility.

[8:42:22 PM](#) Commissioner Hallman asked how that would affect debt service. Mr. Peterson said regarding debt service, if we purchased, for example, just six generators one year and next year buy six more, and we would have to do multiple year financing. He said we would get a better rate if they were all purchased at one time.

Mr. Peterson said he believed the Board understood the importance of the generators and the debt involved, noting they could re-evaluate their options in January.

[8:43:24 PM](#) Commissioner Dancy asked if what was being considered by going ahead and identifying the most important seven generator locations and funding those now.

[8:43:41 PM](#) Commissioner Gering said yes, but the only variable was how many were most important.

[8:44:00 PM](#) Commissioner Dancy said they had to consider that the most violent storms occurred from September through November, and then we had the winter storms to contend with.

[8:44:13 PM](#) Mayor Stevens said we would like to fund them all, but if the staff could come up with a strategic number, that would be helpful. Mr. Peterson said he would get that information back to the Board.

[8:44:36 PM](#) Mr. Peterson stated the next issue was how much money did the Board want to spend in FY 2007, noting we had \$32,000. He said it was his understanding that the Board wanted to wait until January, and we may or may not be able to order generators at that time.

Mr. Peterson said he could delete the \$375,000 from the budget and leave in the \$32,000 for generator-related expenses. He said that would allow them to purchase two or three generators and pay cash for them, or if we decide we wanted to finance five, ten, or fifteen that would be easy to do as long as we had a dollar figure.

Mr. Peterson said if the Board decided later on that it wanted to purchase generators, say in July, it would be close to December before they would be received and installed.

[8:46:01 PM](#) Mayor Stevens said he believed the Board wanted to budget for the cash purchase as Mr. Peterson had suggested, then re-evaluate in January to see if additional purchases were possible. He said that would allow us to continue to build our generator inventory.

- [8:46:47 PM](#) Wastewater Treatment, Proposed Budget, Page 310

Mr. Peterson said the largest expense was the planning for either the upgrade or expansion of the current wastewater treatment plant or building a force main and pumping the Town's wastewater to Durham. He said that was a \$300,000 expense, which included the design work to do either the upgrade and expansion or the building of the force main. Mr. Peterson said the only other expense of note was replacing the roof on the filter building.

[8:47:52 PM](#) Mr. Keel said the filter building roof was leaking badly, and no matter whether we upgrade the plant or pump to Durham, that building would be a critical resource for operations and/or storage. He said they wanted to keep the building from deteriorating.

[8:48:37 PM](#) Commissioner Lowen asked how long the roof had been leaking. Mr. Keel said it was brought to his attention in January. Commissioner Lowen said that concerned him, because he believed we should never let a building deteriorate to the point that the roof was "leaking badly." He said even if it took a special budget amendment, we should do it and as quickly as possible, noting he had seen what damage a leaking roof could do over a period of time.

- [8:49:38 PM](#) Reservoir, Proposed Budget, Page 318

Mr. Peterson said there was not much to comment on here, except the payment of debt for its construction.

- [8:50:21 PM](#) Inter-Fund Service Charges, Proposed Budget, Page 324

Mr. Peterson stated that payment to the General Fund was necessary for the operations of the Water and Sewer Fund. He said the only water issue was that of the out-of-Town rate differential, noting he had shown what rates would look like using the 195% multiple and what they would look like using 185% multiplier.

[8:51:17 PM](#) Commissioner Hallman asked had the Water and Sewer Advisory Board commented on the budget.

[8:51:39 PM](#) Mr. Keel responded that the Water and Sewer Advisory Board had commented that they would prefer that the Board move forward and not defer any items, even if it meant rate increases. He added their reasoning was delaying would cause potentially more problems later.

[8:51:49 PM](#) Mr. Peterson said another comment was that they would prefer to avoid any shock as far as rates go, that is that any rate increase be smoothed out as much as possible.

[8:52:08 PM](#) Commissioner Gering commented that one attribute of the new model was that it would help smooth that out. Mr. Peterson replied as much as was possible. He said it would be helpful in figuring the calculations. Mr. Peterson said the 185% calculation indicated how much more rates would have to be raised if the rate for out-of-Town customers was lowered from 195%.

[8:53:36 PM](#) Commissioner Gering asked was timing important as far as consideration of raising the rate. Mr. Peterson asked raising the rates or the rate differential? Commissioner Gering said raising the rates. Commissioner Gering said his thinking was to decide on a rate schedule with the idea that we may have to revisit it prior to the next budget cycle and consider making further deferrals and possibly rate increases.

[8:54:38 PM](#) Mayor Stevens said the potential for rate changes were on a six-month cycle.

[8:54:49 PM](#) Mr. Peterson said the Board was free to make adjustments at any time during the year, and if a financial situation was challenging that was a wise idea.

[8:55:14 PM](#) Commissioner Gering the timing of a rate increase would be particularly relevant, whether it was December or January.

[8:55:25 PM](#) Mr. Peterson said January was the logical time since it was the mid-point in the year, and mid to late January would be better because they would have their December financial statements by then. He said the bad news was we would only have about four to four and one-half months of revenue projections at that time.

[8:56:14 PM](#) Mayor Stevens asked would that create a hardship for the billing office, in terms of changing the billing rates for the last six months. Mr. Siler indicated that would not be an issue. He said they would simply plug the numbers into the system and provide appropriate notice.

[8:56:49 PM](#) Mr. Peterson suggested the Board could potentially earmark its January workshop later in January to give sufficient time to see the December financials and allow time for the staff to analyze them and provide information to the Board.

Mr. Peterson said a lot of the financial analysis that was done on an ongoing basis was time-consuming and very tedious and could lead to mistakes, like the one he had made regarding motor vehicles. He said the constant interruptions throughout the day made it even more challenging, leading to his concern that the quality of work may suffer. Mr. Peterson said he was pleased with the resulting budget proposal, and he would be exploring ways to address the issues just mentioned. He said the rest of the staff was overloaded so there was no place to seek relief, but they would make the best of it and try to find some creative solutions.

Mr. Peterson said he wanted the Board to understand that there may be times that requests were made and the staff would have to prioritize those requests based on the limited time available and the other daily pressures they faced.

[9:00:10 PM](#) Commissioner Gering said if there was a possibility that the staff could not do everything, he encouraged the Manager to come back to the Board and let the Board decide what was most important.

[9:00:38 PM](#) Mayor Stevens said we needed to discuss the multiplier.

[9:00:43 PM](#) Commissioner Lowen said he did not want to reduce the out-of-Town multiplier and the expense of the in-Town multiplier.

Mr. Keel said the Water and Sewer Board had suggested a dollar increase, noting that as a Board they had traditionally supported lowering the multiplier although nothing specific was suggested.

[9:02:02 PM](#) Commissioner Gering said he struggled with this each year, but logically his reasoning did not change because everyone's rates would go up. He said it was unfortunate but necessary.

[9:02:53 PM](#) Commissioner Lloyd asked if we wanted to set a specific rate.

[9:04:13 PM](#) Commissioner Dancy said we could discuss this at the public hearing on June 5, which would give the Board more time to think about what if anything might be more reasonable. Mr. Peterson said logically it would be better to do it at the regular meeting on June 12.

[9:04:25 PM](#) Commissioner Dancy said the June 5 meeting was a public hearing, but the second part of that meeting was reserved for any budget issues that needed to be discussed.

[9:04:30 PM](#) Commissioner Lloyd noted she would not be present for the June 5 meeting.

[9:05:30 PM](#) Commissioner Gering said it said a lot to him that out of \$7.5 million budget, that it had been whittled to the point that we could not find even small cuts.

[9:06:11 PM](#) Mayor Stevens said we could not make cuts without selling the Town's future short.

[9:06:39 PM](#) Commissioner Lowen said traditionally and historically the Board had always had the month of August off, and wanted to ask if they would consider changing that to the month of July. He said he did want to take into consideration that the staff may have already made plans, since August was traditionally the month the Board took off.

Commissioner Lowen stated that Commissioner Dancy would not be present during the entire month of July, and he may have difficulty as well. He noted his children were out of school for that month and they had to make their vacation plans during that time. Commissioner Lowen said it would be difficult for him to attend the July meeting, although he would try. He asked that the month be changed this year and in future years from August to July.

[9:08:08 PM](#) Commissioner Lowen said another point was that the County was off the month of July. Commissioner Dancy said she would still have to attend COG meetings in July.

Commissioner Lowen said another issue was whether or not it would cause a problem for the staff that normally attended the Board's meetings.

[9:08:50 PM](#) Town Clerk/Personnel Officer Donna Armbrister said for future years she did not believe it would be a problem. She said she would talk with the Planning Director Margaret Hauth regarding the advisory boards Ms. Hauth was responsible for, and have her report back to the Board regarding the schedules.

[9:08:54 PM](#) Commissioner Lloyd said she would be in Town, but she was accustomed to having August off. She said changing it beginning next year to July would be better.

[9:09:38 PM](#) Commissioner Lowen said the Board had a planning meeting and a workshop planned for July, and if he had to come back onto Town he would do so.

[9:09:53 PM](#) Commissioner Lloyd suggested moving one of the July meetings to later in the month. Commissioner Lowen said he did not want to reschedule the meeting just for him. He said if it could not be switched from August to July this year, he would like to have it considered beginning next year.

Commissioner Lowen noted that at this time both he and Commissioner Darcy would be out of Town for the July 10 regular meeting.

[9:10:39 PM](#) Commissioner Dancy suggested moving the July 10 meeting to July 17. Commissioner Lowen said that still did not address whether the staff had any plans.

[9:11:04 PM](#) Mayor Stevens suggested simply canceling the July 10 meeting and moving it to August.

[9:11:38 PM](#) Mr. Peterson said he would need to talk with Ms. Hauth, and suggested putting this on the agenda for June 5 for further discussion.

[9:11:41 PM](#) Mayor Stevens said if all were agreeable, beginning next year the Board would plan to take the month of July off. Commissioner Lowen said he was fine with that.

[9:13:22 PM](#) Mr. Peterson said he agreed with the need, but the question was the cost.

[9:13:27 PM](#) Commissioner Lloyd said she did not know how much space was needed, or how much money.

[9:14:11 PM](#) Commissioner Hallman reminded the Board that tomorrow afternoon at 5:30 was the Hwy. 70 redevelopment meeting on Revere Road.

[9:14:31 PM](#) Upon a motion by Commissioner Dancy, seconded by Commissioner Hallman, the Board moved to adjourn the meeting at 9:14 PM by a vote of 5-0. The motion was declared passed.

Respectfully submitted,
Donna F. Armbrister, CMC
Town Clerk