

**Town of Haw River
Town Council Special Called Meeting
Monday, August 18, 2014**

The Town Council of the Town of Haw River held a Special Called Town Council Meeting on Monday, August 18, 2014 in the Haw River Municipal Building at 6:30pm.

Council Members Present: Buddy Boggs, Jeff Fogleman, Lee Lovette, Kelly Allen, and Ashley Warren.

Council Members Absent: N/A

Also Present: Manager Jeff Earp, Clerk Melanie Hamilton, Attorney Charlie Davis

Mayor Boggs called the meeting to order at 6:30 pm.

Mayor Boggs then recognized Manager Earp. Manager Earp then made several announcements to the Council.

- City/County Meeting will be August 18, 2014 at 6pm at the Haw River Civic Center.

- The next event for the Concert in the Park Series will be August 21, 2014 at 6-8pm with Dark Water Redemption performing.

- The Community Pride Committee will be holding a Fundraising event at Smithfield's Chicken & BBQ in Mebane on August 25, 2014 from 6-8pm.

Mayor Boggs then asked Manager Earp to present 2015-2016 budget issues to Council.

Manager Earp stated that the Town would be facing a deficit of approximately \$100,000 when we began the 2015-2016 budget process. That equated to a 6.6 cent increase in the town's ad valorem tax rate. Manager Earp then presented the following to Council for review and discussion:

Presentation incorporated into minutes:

2015-2016 Budget Planning Session

General Issues

As we look ahead to next year there are several issues associated with the 2015-2016 budget that will have major impacts on the Town. These issues deal primarily with loss of revenue in general fund and water/sewer fund. I would like to share with the Council an overview of those issues and present for your consideration some possible options to lessen the impact. If the Council will allow I would like to discuss each of the funds separately.

General Fund Concerns:

- Loss of revenues to include full effect of hold harmless and privilege licenses.
These losses total in excess of \$68,000.

- Use of fund balance to balance budget.
In the Towns General Fund the undesignated fund balance position as of June 30, 2014 is approximately \$700k (unaudited) and we are scheduled to use \$72k in 14-15 fiscal year. As of June 30, 2013 the total Fund Balance was \$1,269,000.

- Known expenditures/capital needs for next fiscal year (i.e. police cars, fire air packs, increase insurance premiums, continuing technology upgrade needs, tennis courts, HVAC for Town Hall/FD, knuckle boom truck).

The know increase in expenditures and other capital needs are estimated at the following: Police Cars - \$90k, Air Packs - \$100k, Insurance – unknown, Technology – unknown, Tennis Courts - \$20k, HVAC - \$43k, Boom Truck - \$55-125k

- Outstanding state legislative changes.

Powell Bill Fund Concerns:

- N/A

Water Sewer Fund Concerns:

- Loss of revenue due to Green Level purchasing directly from Burlington.
We currently have Gross Sales of \$393k annually with a net profit approx. \$122

- Continued rehabilitation of system.
Unknown cost

- Capital needs (i.e. generator for Lang St, technology upgrades, radio read meters).
The know increase in expenditures for capital needs are estimated at the following: Generator - \$25k, Tech - \$7k, Radio read meters - \$100k

Stormwater Fund Concerns:

- Effect of Lake Jordan Rules – unknown at this time due to inability of state legislature to determine impact.

General Fund Remedies:

Increase Revenues

- Increase taxes: 1 penny is worth \$14,445
- Increase fees
- Increase grant funding
- Expand revenue base (economic development, annexation, etc.)

One of the major challenges we have regarding economic development is the lack of product (ready to move in building and space) for businesses to occupy. The following is a list of current projects needing ready to move in building and space.

List of Needs: Cabinet shop, electrician workshop, moped garage, solar farm, restaurant space, softball academy.

The Town may want to consider divesting itself of property currently owned as an economic incentive for spec builders or businesses willing to relocate. Examples – Main St, Stone St, Roxboro Rd

Another possible way to increase revenues is through the voluntary annexations process. The Council is currently vetting the request to annex the Morgan property on Trollingwood /Hawfields it will have the greatest impact to the GF with the increased sales tax (\$106k annually) and property tax (\$11,955).

Decrease Expenditures

- Decrease staff
- Decrease services

Powell Bill Fund Remedies:

- N/A

Water Sewer Fund Remedies:

Increase Revenues

- Increase quantity of water/sewer sales
- Increase rates for water/sewer sales

Decrease Expenditures:

- Reduce I&I costs in our system

It is believed that the Town will save with the slip lining project \$63,550 annually.

3,255,636 gallons – average loss per month

*3,255,636 / 1000 *4.88 = \$15,888*

\$15,888/3 = \$5,296

*\$5,296 * 12 = \$63,552*

- Reduce staff or consider outsourcing

- Reduce staff or consider outsourcing

Stormwater Fund Remedies:

- Unknown

End of Presentation

The Council had considerable discussion concerning the loss of revenues and the use of fund balance. The also had considerable discussion concerning the pros and cons of the possible annexation opportunity of the Morgan property. Councilmember Allen discussed concerns of depreciating tax base, increase in public safety services and cost to town of the sewer extension to the Town. The Council also had discussion concerning staffing, services, capital expenses, water and sewer rates, taxes and fees and the adjustments that may need to be made in order to make up for lost revenues.

The Mayor allowed attendees to make comment and several residents made comment in the negative concerning the possibility of a tax increase, need for increased economic development and voiced concerns of the possible annexation.

The following attendees made comment:

Cathy Wilson – Roma Road, Haw River

Don Waugh – Hill Street, Haw River

Mrs. Maurice Tippet- Keck Road, Haw River

Mr. Charlie Allen- Keck Road, Haw River

After discussion and with no official action taken, the mayor entertained a motion to adjourn.

7:51pm

Councilmember Fogleman made a motion to adjourn. Motion carried 5-0.



Buddy E. Boggs, Mayor



Melanie R. Hamilton, Clerk