



**TOWN OF HERTFORD
BUDGET PUBLIC HEARING
UTILITIES
MONDAY, JUNE 7 @ 6:00 P.M.**

The Town Council of Hertford held their budget public hearing for utilities on Monday, June 7, 2021 at 6:00 p.m. The meeting was called to order by Mayor Earnell Brown. The invocation was offered by Manager Pamela Hurdle.

COUNCIL PRESENT

Mayor Earnell Brown, Councilman Frank Norman (Zoom), Councilman Mimlitsch, Mayor Pro-Tem Hodges, and Councilman Jackson (Zoom arrived late).

STAFF PRESENT

Manager Pamela Hurdle and Clerk Olga Simpson.

OTHERS PRESENT

Mathew Cyr, Murrielle Harmon, Zoom, and Facebook Viewers

QUORUM

A quorum of (5) was present and established.

PURPOSE OF THE MEETING

The purpose of the meeting is to discuss water and sewer rates. Town manager Hurdle sent the rate information on the 26th of May for Council to review. Last year the state recommended a five-year proposed rate to help the town refund over general fund balance and consider depreciation, which had not been done in the past. If we want to pursue loans or grants in the future, then why did we take the state's recommendations. The town of Hertford is also attempting to avoid a takeover by the state. Council was not meeting to make any decisions but to discuss options of how to proceed. The State of NC gave recommendations of how to handle the rate. They suggested the town maintain and 11.6% increase. By the time we get to FY2025, those increases will be reduced to 2%.

Councilman Mimlitsch: Council needs to stick to the five-year plan. Businesses should pay according to usage. Once they go over a certain number of gallons, they should pay more. It should not be a set rate for them. It would be smart to implement an extra rate hike based on gallon usage.

Question: Councilman Jackson-How is it possible to raise rates to increase the general fund balance. The Last time he checked He has never heard of anything being said about the state taking over Hertford over. Hertford is not on any list about being to take over.

Mayor Brown cleared up the misunderstanding about the state taking over the Town of Hertford if the town did not follow the states recommendation. She meant in the future that may occur. In

regard to water and sewer the town was given options. The cost to include depreciation and maintain an 11.6% increase annually through 2024-2025.

Mayor Pro-Tem Hodges-He is not in favor of raising electric. Water and sewer are doing better. The town chose to implement the 36% increase instead of the recommended 50%. The town rates need to go up 11% for the next four years to cover the cost of water and sewer. The reason the town is in this situation is because of the \$8 million dollar in loans taken out in 2008. The town needed money for something or for building something and borrowed the money to do it. The town has not budgeted for unforeseen occurrences, but just for operations. It has no capital reserves just in case something occurred. Since then, we have continued that same practice. If we do not go up on the rates, if something happens, the town will have to go back to the state, borrow the money, or find a grant. It needs to be done for the town to have a safe and reliable water and sewer system. It will hurt us, if we have a power failure, if we ignore their recommendations. If we put a tier system in place, that will be a good idea.

Mayor Brown-After reviewing the rate pay study, the connection fee for the residents of Hertford is currently at a base rate is \$32.58. For residents outside of Hertford, the current base rate \$59.41. If the town follows the state recommendation FY21/of maintaining 11.6% increase, the residents' rate would increase to \$36.36 per gal for water. 1-4500 gallons will go from \$5.57 to \$6.22 per 1,000 gallons. For residents outside the town of Hertford, from 1-4500 gallons would be \$11.14. The recommendation would bring it up to \$12.43. Those over 4,500 gallons would pay \$12.91. Mayor Brown is looking for recommendations before the budget is finalized.

Councilman Norman-The background information that was supposed to be sent to him so that he could do research on the matter was not provided to him time enough for him to do it. He had asked for the information multiple times and did not receive it. The information regarding Winfall was also requested and was sent to him too late for him to utilize it even though LGC stated his point was well taken. There is not a problem with the electric fund. In fact, it has been supporting other town spending. It is not justifiable to do another rate hike on electric. He is totally against raising the utility and water rates. If the rates are to be raised, it should be on commercial, industrial, institutions, and municipals. The town can make up the points it needs by raising the rates on these entities. He believes it is unfair and unjustifiable to make it so that citizens will not be able to afford their utility bills.

Mayor Brown-Clarified the purpose of the meeting being to discuss water and water sewer. Council is not proposing to raise electric rates.

Councilman Norman-Point of Clarification: He asked for the contract for Winfall, which had nothing to do with the rate study. Manager Hurdle was waiting for the contract information to come from the Winfall. When she received it, she sent it to Councilman Norman on Friday, June 4, 2021. Councilman Norman could do nothing with the information because when he received it, there was no one to speak with over the weekend in time to prepare for today's meeting. He thought she could have sent whatever contracts she had so that he could have started his research.

Mayor Pro-Tem Hodges agrees on going up on larger scale usage. We have some businesses that use less than some residents. It is about looking at who is our biggest consumers. We should charge by usage and not by whether they are resident or business or the kind of facility. We cannot get all the way there without levying some sort of increase. We should consider doing 11.6% on users using less than 12,000 per month. Above that go up 50% then a tier above that 100% on the rate. Everyone must pay something, an escalating amount. If we implement a tiered system, our smaller users and small or medium business may only have to up 30% instead of 58% over a five-year period. Council should not vote to increase rates without having more significant tiering system in place. Is Council in favor of implementing a tiered system by usage? A tiered system would help with the distribution of costs and residents will not have to pay as much.

Councilman Mimlitsch agrees with the tiered system and starting with 4,500 and go up. He does not want to hurt the citizens. If that could be minimized with the tier system, he thinks its excellent.

Councilman Norman is totally against a tiered system based on usage because residents will have the most usage. It should be based on type and not usage. Most municipalities base the pay rates on type because the business or institution has a better ability to pay the rates. Food Lion, the school system, the courthouse can pay better than any resident. Institutions should pay a higher rate because they can afford to pay more than the residents can. The town's financial struggles are being placed on the backs of the citizens. Businesses can write off what they pay as expenses. Citizens cannot write off a water bill.

Councilman Jackson has no additional comments.

Mayor Pro-Tem Hodges motioned to adjourn the meeting. Councilman Mimlitsch Seconded.

Councilman Norman asked what was the outcome of this meeting?

Mayor Brown-This matter was brought to the governing board to gather the position of each Council member regarding the state recommendation and how Council would handle the increase of rates. Mayor Brown is also concerned about raising rates on citizens and believes businesses should pay higher rates, but not to the point it will deter them from coming to Hertford. Mayor Brown stated citizens could write off the water expenses on their income taxes.

Councilman Norman: Point of Clarification: Businesses can write off expenses such as water bills, but citizens cannot.

Mayor Pro-Tem Hodges: He motioned to adjourn because in the next meeting, they need something to approve. No one wants to raise rates on the citizens. This meeting was just to gather ideas on how to implement the state recommendations for the 5-year plan to raise rates, how the town can generate the \$90,000 in needed revenue, and what type of system to use to accomplish the task. Mayor Pro-Tem Hodges volunteered to have everyone send their ideas to him.

Point of Clarification: Councilman Norman-Why does everything have to be sent to Mayor Pro-Tem Hodges? He has been working on the numbers involving the matter too.

Mayor Brown asked, if he would like the information to be sent to him? Councilman Norman said, yes.

Council agreed to send all ideas formulated by Council members to address this issue to Councilman Norman by Friday June 11th so that he can report back to Council on what is the best option for implementing and resolving the matter.

Roll Call Vote:

Councilman Mimplitsch (Yay)
Councilman Norman (Yay)
Councilman Jackson (Yay)
Mayor Pro-Tem Hodges (Yay)
Mayor Brown (Yay)

The Motion to adjourn passed unanimously (5-0).

The meeting was adjourned at 6:49 p.m.