

FILLMAN'S STATEMENT

January 22, 2025

As you know, we recently concluded a lawsuit in Dauphin County which resulted in a jury verdict allowing the Paxtang Fire Company No. 1 to remain in the Municipal Building rent free. This is distressing, especially since it has not been the Borough's service provider for over two years, and it has been out of service in all of Dauphin County since late last year.

The Borough issued a public statement that we, of course, will abide by – and indeed are abiding by – the jury's verdict... but the verdict is not without financial consequences. We built our 2025 municipal budget -- which does not raise taxes in the current year -- on the expectation that we would not have the burden of financially supporting our former fire service in any way. The trial verdict, however, resulted in requiring the Borough to support the fire company by paying for their ongoing utility usage, and effectively preventing us from charging even a reasonable rent for their continued occupancy of slightly over 1/3 of the building.

As we did not anticipate this outcome, we built a budget which, in all likelihood, will now fall short of our actual expenses for the year.

For at least a decade in my memory, the Borough has had the benefit of exceptional managerial skill – and by that, I mean both our staff and council members have been excellent fiscal caretakers. They have, year after year, presented and adhered to a balanced budget – “balanced budgeting(!)” – where all anticipated expenses are met with anticipated revenues to the penny! But: with the ongoing unanticipated costs as a result of the jury verdict weeks ago, I strongly believed that we will be out of balance this year... and so we signaled that we would have to re-open the 2025 Municipal Budget.

We were informed that reopening the budget to raise taxes this year was not possible. But that does not change our need. And it does not change the fact that the jury granted the fire company a possessory right to stay in this building, and in doing so, they also saddled our taxpayers with a very real fiscal consequence that could directly affect this year's budget and every budget moving forward.

Nobody has a crystal ball... but rather than try to predict budgets based on guessing what could happen, I would suggest that we keep careful track of what direct costs our taxpayers must cover for the fire company's continued occupancy

of the building. It was Ronald Reagan, in the mid-1980s, who taught us a great lesson... he said: *"Trust, but verify."*

So... rather than attempt to adjust budgets after this unforeseen court action, I believe we have another tool in our toolbelt... and should consider employing measures of verification. This could include installation of separate meters that will demonstrate direct use of utilities by both parties under this roof. It makes more sense in the long run to adequately demonstrate to our taxpayers the practical consequence of the jury's determination: verifiable utility usage, and verifiable billing. Yes, the Borough will continue to pay the bills. But this, I believe, is the most sound way to move forward if, in less than a year from now, we may have to raise our taxes. If nothing else, we will have accurate data leading to logical conclusions and supporting any necessary actions.

In the meantime, if we go over budget this year, as I suspect we will, there are alternatives to handling that now – without an immediate tax increase.

For some time now, our Borough has been debt-free. As much as I would prefer to keep it that way, if we need to borrow from other sources to cover the unanticipated expenditures thrust upon us by the court, then I believe we should in this instance. I continue to worry most about our insurance coverage, and that of the fire company. Again, changes that may occur, and may result in increased bills are simply not knowable now. It's worth repeating that a fire company not running calls is a different circumstance from one that is... and it's another area that could result in unanticipated expenses to this Borough's taxpayers.

But because much remains unknown, and we can only plan for reasonable events at best, I encourage adopting measures of verification, possibly installing utility meters and bifurcating our bills by user... and then adopting a "wait and see" approach. That is, our circumstances now demand that we protect our taxpayers... so... we will document thoroughly and find appropriate ways to respond to our new bills this year... and then we will explain it all to our residents – both what we had to do, and also what to expect next.

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