

MINUTES

Town of Blowing Rock Board of Commissioners

May 19, 2008

The Town of Blowing Rock Board of Commissioners held a FY 2008-2009 budget work session on Monday, May 19, 2008, at 4:00 p.m. The work session was held at Town Hall located at 1036 Main Street, Blowing Rock. Attending were Mayor J.B. Lawrence, Commissioners Bobby Ball, Keith Tester, Albert Yount, Phil Pickett and Tommy Klutz. Others in attendance were Town Manager Scott Hildebran, Finance Director Nicole Norman, Planning Director Kevin Rothrock, and Town Clerk Sharon Greene.

The purpose of the work session was to review the Recommended Budget for FY 2008-2009. Mayor Lawrence called the meeting to order at 4:10 p.m.

Discussion Item

Pursuant to Section 159-11 of the North Carolina General Statutes, Town Manager Scott Hildebran presented Council with the Recommended Budget for FY 2008-2009 for their review.

Town Manager Hildebran reviewed the FY 2007-2008 budget message (Refer to "Exhibit J", May 13, 2008 Town Council meeting). He stated the key principles which the budget is based on were as follows:

- Basic Town services are continued with funding at adequate levels.
- Revenue projections are estimated at realistic, conservative levels.

- Continued funding of the 5-year Capital Improvements Program, including funding of the Parks & Recreation & Landscape Master Plan and initial funding of the Water/Sewer Capital Improvements Plan.
- Continued focus on comprehensive planning efforts.
- Conformance with the adopted Town of Blowing Rock Comprehensive Financial Policy.

Town Manager Hildebran gave the following review of revenue sources:

Source of Revenue

Ad Valorem Tax (Property Tax) for FY 2007-2008 for Blowing Rock would maintain a rate of \$0.280 per \$100 of the valuation. Total Ad Valorem tax revenues (including current and prior years, motor vehicles, and penalties/interest) are projected to be \$2,855,000 based on an expected collection rate of 97%.

Sales and Services, revenues come from the services the town sells based on the Town fee Schedule. Some services which produce "Sales and Service" revenue are commercial solid waste/recycling fee, parks and recreation department fees (pool, day camp, program registration, etc.) cemetery fees, zoning/building fees, water/sewer charges. This source of revenue will provide approximately \$317,650 for the next fiscal year to the General Fund. Water/sewer charges (and interest) are estimated at \$1,540,880 in FY 2008-2009.

State-Collected Local Taxes are for statewide revenues received by the Town and estimates depend on economic forces: Utility Franchise Tax, Telecommunications Sales Tax, Beer and Wine Tax and the new Video Programming Tax (formally Cablevision TV Franchise Tax). These funds are collected by the State and are expected to be \$213,300 for FY 2008-2009 and are strictly General Fund revenues.

Sales Tax which consist of a one-cent sales tax and three one-half cent sales taxes. The authority to implement a third one-cent sales tax was approved by the General Assembly and approved locally by both the Watauga County and Caldwell County Board of Commissioners in 2002 and replaced the State reimbursements for repealed local taxes.

According to Mr. Hildebran the N.C. League of Municipalities report two issues that will continue to affect local sales tax estimates for next year – Sales Tax Refund Increases and the Impact of Remote Sales. Currently, 28 separate types of entities are entitled to refunds of the local sales tax, excluding those related to economic development incentives.

Hotel/Motel Occupancy Tax are levied via the Blowing Rock Tourism Development Authority on the gross receipts from the rental of transient accommodations in the Town of Blowing Rock. The TDA recommends \$325,065 in funding to the Town in FY 2008-2009 for use towards various tourism-related operations. In addition, the TDA will compensate the Town with \$17,800 for handling the administration and collection of the occupancy tax.

Powell Bill Street Allocation is strictly used to maintaining, repairing, constructing, reconstructing or widening any public street or thoroughfare within the Town limits that is not State-maintained. An estimated \$85,000 is anticipated for FY 2008-2009.

ABC Revenues are contributed from the local ABC Board from the sales of alcoholic beverages and are estimated to be \$122,500 in FY 2008-2009

Anticipated Grant money is not included in the Recommended FY 2008-2009 Budget at the present time, but the Town will seek grant-funding opportunities during the year. A current “Safe Routes to School” grant application is under review with the N.C. Department of Transportation for sidewalk improvements to Morris Street and Chestnut Street. A decision on the grant is expected to be made after the adoption of the FY 2008-2009 Budget.

Other miscellaneous revenue includes: privilege licenses, interest income, parking tickets, donations, book sales, park lease, town property rental income, sale of fixed assets, snow removal reimbursement, etc. These funds are expected to be \$206,500.

According to the North Carolina Local Government Commission, the minimum level of undesignated fund balance available for appropriation is 8% of the prior year’s expenditures. A minimum fund balance level is necessary to enable the unit to meet

current obligations, to prevent the unit from experiencing cash flow difficulties, and to aid the unit during emergencies. The adopted Town of Blowing Rock Comprehensive Financial Policy established a goal to achieve an undesignated fund balance in an amount equal to 50% of the Town's General Fund Budget.

On June 20, 2008, the Undesignated General Fund Balance is expected to be approximately \$2,050,000 a projected 45.44% of FY 2006-2007 General Fund Budget.

The Recommended FY2008-2009 Budgeted appropriated \$75,000 from the general fund balance to be specifically designated for street paving. Commissioner Tester expressed concern about spending. Town Manager Hildebran stated he believed the Fund Balance would grow when final budget closeout occurs. He distributed a copy of the Town Financial Policy for Council's information.

Expenditures by Function – General Fund

Mr. Hildebran briefly reviewed the following function accounts:

General Government (governing Body, Administration/Finance & Central Government) accounts for \$857,880 or 17.74% of the total General Fund Budget.

General Government (Public Buildings & Grounds) accounts for \$734,250 or 15.18% of the total.

Public Safety (Police & Emergency Services) accounts for \$1,366,000 or 28.25% of the total.

Transportation (Public Works/Streets) accounts for \$896,990 or 15.55%.

Environmental Protection (Public Works/Sanitation/Recycling) accounts for \$316,995 or 6.55%.

Economic and Community Development (Planning/Zoning) accounts for \$238,110 or 4.92%.

Culture and Recreation (Parks/Recreation/Landscaping) accounts for \$425,835 or 8.81%.

Expenditures by Function – Water/Sewer Fund

This function accounts for \$1,540,880 or 100% of the water/sewer fund.

Expenditures by Category

The Recommended FY 2008-2009 Budget for personnel expenditures were \$2,689,745 or 45.60% of the total budget.

Mr. Hildebran highlighted the following:

- Part-time parking enforcement position and a part-time building inspection position.
- Market/Merit adjustments at an average of 5.0% for Town personnel.
- Sworn law enforcement shift modifications resulting in a 5.0% increase in salaries, which will bring the Police Department in-line with surrounding areas.
- Town 401K supplement of 2.0% of salary for general personnel. Sworn law enforcement personnel receive a 5.0% supplement per state statute requirement.

Mr. Hildebran advised the Town would be saving approximately \$90,150 on group health insurance by joining the State Health Plan but retirement costs for retiree health insurance would cost around \$25,000 with a net \$15,000 savings. He also advised by changing to

the State telephone system over \$14,000 was saved annually. He thanked Finance Director Norman for her efforts.

Operating Expenses

The FY 2008-2009 Recommended Budget for Operating Expenditures is \$2,177,675 or 34.15% of the total budget. Highlights include:

- Funding for increases in insurance (property/casualty/liability) costs and workers compensation coverage costs due to loss-ratios.
- Funding for expected higher energy and fuel expenses
- Continued capital transfers to the General Capital Projects and Water/Sewer Capital Projects Funds, but at reduced amounts due to several projects shifting from the planning stage to the implementation stage.

Mr. Hildebran stated an increase of 14.17% was expected liability/workers comp due to an increase in claims this past year.

Mr. Hildebran also stated due to the increase in gas prices, the overall budget would be increase 17.2% at market rate.

Parking enforcement was also discussed. Mr. Hildebran stated the proposed budget included funding for part-time enforcement and that with additional off-street parking, he hoped for an improvement in the parking issue. Commissioner Klutz stated it was his opinion that visitors to Blowing Rock should not be ticketed, but merchants and store employees should receive tickets for parking along Main Street. Commissioner Tester stated that enforcement should either be carried out all the time or not all and no warning tickets should be given.

Water conservation was discussed briefly with Mr. Hildebran advising the State would soon be mandating the water situation for all municipalities.

Sidewalks and ditch lines were discussed, Commissioner Pickett inquired about sidewalks along Ransom Street near his property. Commissioner Klutz advised he would like for the Street department to pay more attention to the ditch lines along town roads and that more special garbage pick up days were needed. Commissioner Yount stated there were many pot holes that needed filled on several streets. Mr. Hildebran stated the Town was receiving bids for paving presently.

Mr. Hildebran also stated the recommended budget included funding for implementation of the Town storm water master plan.

ADJOURNMENT

There being no further discussion, the work session recessed at 6:30 p.m.

MAYOR _____

J.B. Lawrence

Attest: _____

Sharon Greene, Town Clerk