

MINUTES

Town of Blowing Rock

Board of Commissioners

May 21, 2007

The Town of Blowing Rock Board of Commissioners held a special meeting on Monday, May 21, 2007. Attending were Mayor J.B. Lawrence, Commissioners Bobby Ball, Keith Tester, Terry Lentz, Rita Wiseman and Tommy Klutz. Others in attendance were Town Manager Scott Hildebran, Finance Director Margaret Pierce and Town Clerk Sharon Greene.

The purpose of the meeting was to review the Recommended Budget for FY 2007-2008. Mayor Lawrence called the meeting to order at 4:00 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 2007-2008 for their review.

Town Manager Hildebran reviewed the FY 2007-2008 budget message (Refer to "Exhibit C", May 8, 2007 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 \$2,891,500.

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 \$316,400 for the next fiscal year to the General Fund. Water/sewer charges (and interest) are estimated at \$1,388,200 in FY 2007-2008.

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 \$195,300 for FY 2007-2008 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 a fiscal analysis with the General Assembly, retail sales in North Carolina should increase 3.0-5.5% in FY 2007-2008, making sales tax revenues approximately \$370,000 in FY 2007-2008 which are strictly General Fund revenues.

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. At the current rate of 6%, revenues are expected to be approximately \$287,690, in addition to \$17,425 for handling the administration and collection of occupancy tax to be paid by the TDA.

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 2007-2008.

ABC Revenues are contributed from the local ABC Board from the sales of alcoholic beverages and are estimated to be \$122,500 in FY 2007-2008.

Anticipated Grant money is not included in the Recommended FY 2007-2008 Budget at the present time, but the Town will seek grant-funding opportunities during the year. A current grant application for \$500,000 is being reviewed with the NC Park & Recreation Trust Fund for improvements to the Robbins Swimming Pool.

Other miscellaneous revenue includes: privilege licenses, interest income, parking tickets, donations, book sales, park lease, town property rental income, sale of fixed assets, contribution from the Volunteer Fire Department, snow removal reimbursement, etc. For FY 2007-2008, these funds are expected to be \$224,750.

On June 20, 2007, the Undesignated General Fund Balance is expected to be approximately \$1,475,000 or 34.09% of FY 2006-2007 General Fund Budget. There is no fund balance appropriated in the Recommended Budget.

The Town of Blowing Rock Comprehensive Financial Policy adopted in 2005 established a goal to achieve an undesignated fund balance in the amount equal to 50% of the Town's General Fund Budget, i.e., an amount equal to 6 months operating expenses from the then current operating budget.

Commissioner Tester questioned once the town reached their goal could the surplus be earmarked toward the Capital Improvement Plan instead of Fund Balance. Town Manager Hildebran stated he would clarify the policy language to state "once the Town achieves its goal, any excess funds shall be earmarked for capital reserve purposes" for Council's consideration.

General Fund

- Balanced with no increase in the current property tax rate of \$0.28 per \$100 valuation which provides approximately \$2,812,000 in property tax revenues based on an expected collection rate of 97.0%. The recommended FY 2007-2008 budget would once again set aside over \$.03 of the proposed \$0.28 General Fund tax rate revenues towards capital projects – the new emergency services building and other projects.

- The total property tax base (excluding motor vehicles) is estimated to be \$1,035,206,900, which is higher than FY 2006-2007 budget base of \$1,004,200,200. The Town's property tax is estimated to be approximately 85% residential and 15% commercial.
- The FY 2007-2008 Recommended Budget for the General Fund totals \$4,510,565 or 4.27% more than the FY 2006-2007 Adopted Budget of \$4,325,595.

Water and Sewer Fund

- A self supporting fund, the Water and Sewer Fund contains all water production, water distribution, wastewater collection and wastewater treatment activities of the Town. The FY 2007-2008 Recommended Budget include a water/sewer base rate adjustment of 5.0% to offset rising operating and capital costs, and to fund major water and sewer capital needs.
- The FY 2007-2008 Recommended Budget for the Water and Sewer Funds totals \$1,388,200. This is a 1.31% increase over the FY 2006-2007 Adopted Budget of \$1,370,200.

Capital Reserve Project Funds

- This fund exists as a tool to help in the financial planning of future large-expense capital projects. In FY 2007-2008 Recommended Budget, the General Fund and the Water/Sewer Fund will continue to make significant financial contributions to the Capital Reserve Projects Fund. The amounts appropriated from the General Fund will be \$736,085 and the Water/Sewer Fund will be \$240,090.
- The total proposed contribution to the Capital Reserve Projects Funds for FY 2007-2008 is \$916,175 or approximately 16.54% of the Total Recommended Budget. The FY 2007-2008 Budget continues to set aside over \$.03 of the proposed General Fund tax rate revenues for capital projects.

Other

Briefly discussed were sales tax collected in this area and how they were distributed per capita versus ad valorem levy basis by Watauga County and the effect it has on the Town.

Mr. Hildebran mentioned Parks & Recreation in coordination with the TDA had hired summer employees to walk along Main Street to aid visitors and to pick up trash on weekends.

Mr. Hildebran stated during the 2007 Retreat, Council discussed the idea of changing the fee schedule for building fees from a cost of construction fee to a square footage of new construction fee.

Council suggested that Planning Director Kevin Rothrock join the meeting to discuss this change. Mr. Rothrock agreed that calculating by square footage would be the fairest way without losing income and it would keep fees in line with those charged by surrounding inspection departments. Mr. Rothrock advised the proposed change for Conditional Use Permit would increase from \$350.00 to \$500.00 and permits to change water heaters would decrease from \$50.00 to \$35.00. Town Manager Hildebran advised no action would be taken during the budget work session, but the fee schedule change would be included in budget approval at the next regular meeting.

Town Manager Hildebran also advised that \$18,500 from Watauga County for Davant Field fencing was anticipated but not included in the recommended budget total.

Mr. Hildebran expressed a standard policy regarding vendor parking during Art in the Park was needed. Commissioner Tester felt that a representative from the Town should meet with representatives from Art in the Park to discuss the issue. It was consensus of Council that a meeting be scheduled with the Chamber of Commerce to discuss Art in the Park. Mr. Hildebran stated the Recreation Department had previously sent a letter to the Chamber on this issue. Revenue to the Town generated by Art in the Park was also briefly discussed.

Expenditures

Mr. Hildebran reviewed department expenditures and highlights. He also discussed a new general employee benefit that was included for the upcoming fiscal year. He stated one percent (1%) of the employee's annual salary would be matched by the Town and contributed to their 401-K Plan. Council recommended that a one percent increase be given annually until the 401-K reached five percent (5%) for regular employees to match the 5% sworn police officers already receive.

Mr. Hildebran expressed a work session between the Town and McGill Associates would be needed sometime in July to discuss the Streetscape Plan. He advised BREMCO, Charter Communications, Bellsouth and N.C.D.O.T. had been consulted regarding the Streetscape Plan. He stated that Town Engineer Doug Chapman would be in attendance at the session scheduled for the following day.

Mayor Lawrence inquired if Hwy. 221 would be paved in the near future. Mr. Hildebran stated he would check with N.C.D.O.T. and share the information at the Tuesday work session.

Commissioner Lentz also stated he had noticed a pile of unsightly debris such as pallets, etc. along Green Hill Road and asked if staff would follow up on the issue. Mr. Hildebran assured Commissioner Lentz that he would have the Planning staff investigate the matter.

Mr. Hildebran stated the Town Parks were better maintained with the addition of a part-time employee in the Parks & Recreation Department this year and funding for an upgrade to full-time status was included in the Recommended Budget. He also conveyed the water quality in Mayview/Broyhill Lake had improved due to the addition of the fountain according to Virginia Jones.

Mr. Hildebran stated the FY 2007-2008 Recommended Budget had allocated a three percent (3%) salary adjustment for employees. Department heads would determine a distribution method for the available funds either across the board to all employees, as an equal lump sum adjustment or as merit increases. Mr. Hildebran stated this approach would be used this year and that most other municipalities used the merit increase instead of across the board raises. He also conveyed Town employees would be evaluated twice a year and that some departments head salaries had been reviewed and would need an adjustment to meet market conditions.

Mr. Hildebran stated there were several employees in the Emergency Services Department that were pursuing certifications at the present time and would receive salary adjustments upon completion.

Mr. Hildebran completed the review of the General Fund expenditures.

Mr. Hildebran then discussed lighting of the Historic Trail along South Main Street stating that one mast arm light had been installed and no one had voiced concerns. Two more lights are scheduled for installation in the next week. The "Big Belly" trash compactor located in Memorial Park was also briefly discussed, stating the Public Works Department had benefited from the use of the equipment.

Adjournment

Mayor Lawrence adjourned the meeting until the following day, May 22, 2007 at 4:00 p.m. at which time they would continue the work session with the Water Fund.

Mayor _____

J.B. Lawrence

Attest: _____

Sharon Greene, Town Clerk