

MINUTES OF THE TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN
BUDGET WORKSHOP PRESENTATION
June 7, 2011

THE BLACK MOUNTAIN BOARD OF ALDERMEN met in a budget workshop on Tuesday, June 7, 2011 at 8:30 a.m. in the Board Room at Town Hall, 160 Midland Avenue, Black Mountain, NC.

Mayor Pro Tem Joan Brown called the meeting to order at 8:30 am with the following members present:

Mayor Carl R. Bartlett
Mayor pro tem Joan Brown
Alderman Ruth Brandon
Alderman Tim Rayburn
Alderman Carlos Showers
Alderman Mike Sobol

The following staff members were present:

Marcia D. Onieal, Town Manager
Darlene Whisenant, Town Clerk
Steve Jones, Fire Chief
Kevin Pressley, Police Chief
Dean Luebbe, Finance Director
Casey Conner, Recreation Services Director
Mark Combs, Public Services Director
John Shaw, Golf Maintenance Superintendent
Brent Miller, Golf Operations Administrator
Pam Hoen, Senior Admin Assistant to Public Services
Jennifer Tipton, Permits Clerk/Building Inspector, Level 1
Genella Gray, Human Resources Coordinator

Other Attendees:

Mark Vanderhoff, Black Mountain News
Elaine Loutzenheiser, Black Mountain Citizen

Town Manager Marcy Onieal expressed her appreciation to Dean Luebbe and the Finance Staff for compiling information for the Budget Presentation.

Ms. Onieal reviewed the Budget Workshop agenda. There was one correction. The next scheduled Budget meeting will be held on Monday, June 13, 2011 at 6:00pm as a Public Hearing during the regular session of the Board of Aldermen meeting rather than the listed 8:30am-10:00am.

Ms. Onieal announced that on Monday, June 6, 2011 she had met with the Town Staff during two different sessions at 11:30am and 4:30pm to give them a review of the recommended budget highlights.

At this time Ms. Onieal distributed the handout with the FY11-12 recommended budget highlights showing the following information:

1. Total immediate needs identified by departments = \$11M
Total estimated revenue available = \$9.13M
Total gap = nearly \$2M (General Fund Gap = \$1.77M)
2. Water Fund and Golf Fund are generally self-supporting enterprises. In the coming year both these funds are not expected to break even and will require dipping into savings or cutting costs to make it through the year.
3. Due to an ongoing decline in revenue, FY11-12 general fund budget is 4.1% less than the budget approved by the Board last year and 15% less than what was actually spent in FY09-10. The fact that the Town has not reduced services speaks to improvement in productivity, efficiency, and cost effectiveness.
4. Personnel costs represent as much as 81% of departmental budgets and over 50% of total costs in the General Fund; therefore when operating and capital budgets have already been cut to base levels, there is no place else to cut besides in personnel costs.
5. Recent capital acquisition and construction have contributed, but have not been sole, or even primary, cause for the current budgetary crisis. The Town's historic failure to meet legal and contractual obligations when due and continued borrowing from the savings account to pay for ongoing expenditures, the stagnant economy, the addition of new programs and investments without supporting operating revenue have all contributed.
6. To date, the Board of Aldermen has agreed that there would be no tax rate increase in FY11-12.

Tough decisions on the revenue side would include:

- No change in tax rate – remains at 36.5¢/\$100 valuation, and 9¢/\$100 in fire district
- New charge of \$6/household/month for sanitation services (nets \$150,000), beginning Jan. 1, 2012
- No change in water rates – town will absorb 5% increase in wholesale cost of water purchase
- Using fund balance in all funds, reducing savings below acceptable levels

Tough decisions on the expenditure side would include:

- Freezing most capital and equipment purchase and deferring maintenance, except for Powell Bill and ADA

- Declining the SAFER grant, which would save \$32K this year by not hiring six new firefighters, and which would require an increase in tax rate of 4¢ to pay for two years from now.
- No COLA or merit adjustments town-wide and reduction of longevity bonus by one-half for one year.
- Freezing three currently vacant positions for one year. These include: one police officer, an Assistant to the Manager of Finance and a Planning Director.
- Eliminating 6.5 fulltime positions in the General Fund and Water Fund, effective August 15, 2011.
- Shifting to contract service/management where possible in departments in which positions are de-allocated.

Dean Luebbe, Finance Director, presented the proposed FY11-12 Budget for the Town of Black Mountain.

The total funds budget summary included:

FY11-12 Recommended Budget

Total Funds Budget Summary

Expenditures Summary by Major Fund

General Fund = \$7,103,574 = 77.8%

Water Fund = \$1,308,202 = 14.3%

Golf Fund = \$722,732 = 7.9%

Expenditures Summary by Category

Personnel = \$4,624,568 = 50.6%

Operating Costs = \$3,491,834 = 38.2%

Capital = \$394,686 = 1.02%

Debt Payment = \$623,420 = 6.8%

General Fund Budget Summary

Expenditures Summary by Budget Unit

Governing Board = \$144,587 = 2.0%

Administration = \$685,092 = 9.6%

Public Buildings = \$964,735 = 13.6%

Police = \$1,513,090 = 21.3%

Fire = \$1,193,581 = 16.8%

Planning & Development Services = \$386,671 = 5.4%

Public Services = \$1,714,649 = 24.1%

Recreation Services = \$501,168 = 7.1%

Expenditures Summary by Category

Personnel = \$3,620,765 = 51.0%

Operating Costs = \$2,692,874 = 37.9%

Capital = \$315,186 = 3.9%

Debt Payment = \$474,748 = 6.7%

General Fund Revenues Summary

General Fund Revenues by Class

Ad valorem/DMV Taxes =	\$3,430,879 = 48.30%
Other Taxes =	\$498,273 = 7.01%
Unrestricted Revenues =	\$625,965 = 8.81%
Restricted Revenues =	\$269,462 = 3.79%
Permits & Fees =	\$253,600 = 3.57%
Sales and Services =	\$944,396 = 13.29%
Other =	\$498,273 = 7.01%

Governing Board

Expenditures Summary

Personnel =	\$43,537
Operating Costs =	\$101,050

The total costs for the Governing Board are increased in the FY11-12 budget over the FY10-11 figure by 11.73%. The primary factors driving this increase are related to \$2,500 being budgeted as a contribution to the entrepreneurship program (Certified Entrepreneur Community) and \$6,650 as contingency expense.

During the Budget presentation there were numerous requests for follow-up information to be researched and presented at the next schedule budget workshop on Tuesday, June 21, 2011.

- Dean Luebke will ask Town Staff to prepare updated comparables spreadsheet for solid waste collection fees.
- Alderman Sobol requested a debt summary.
- Mayor Bartlett asked for follow-up of census count for the Powell Bill.
- Mayor Bartlett made a recommendation for Town Staff to research cost for outsourcing payroll services.
- Alderman Sobol asked for confirmation if we would be paying Asheville more money or less for the same amount of water usage.
- Mayor Bartlett asked for added revenue figure if we increased Fire District fees by one (1) cent.
- Alderman Showers asked for comparables for water rates with other municipalities.
- Alderman Brown and Alderman Rayburn asked for a breakdown of where the fund balance has been spent over the past five (5) years, specifically over the past year.
- Alderman Sobol asked for the total figures of annual savings with 9.5 positions being eliminated. Not including accrued comp and sick time.
- Alderman Sobol asked for a line item list of part-time and contract services of the Recreation Department.
- Alderman Sobol requested a list of Grey Eagle fees and expenses for Grey Eagle.
- Alderman Sobol requested exact cost of Lake Tomahawk (Lakeview Senior Center) remodeling.
- Alderman Brown asked the question as to how much taxes would have to be raised in order to avoid cutting positions.

There being no further business, Alderman Carlos Showers made the motion to adjourn the meeting at 10:00 a.m.



Carl R. Bartlett, Mayor



Marcia D. Onieal, Town Manager

ATTEST:



Darlene R. Whisenant, Town Clerk