

**MINUTES OF THE TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN
BUDGET WORKSHOP
May 27, 2010**

THE BLACK MOUNTAIN BOARD OF ALDERMEN met in a budget workshop on Thursday, May 27, 2010 at 8:30 a.m. in the Board Room at Town Hall, 160 Midland Avenue, Black Mountain, NC.

Mayor Bartlett called the meeting to order at 8:35, 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
Jim Orr, Recreation Director
Kevin Pressley, Police Chief
Rick Shreve, Finance & Information Services Director
Elizabeth Teague, Planning & Development Services Director
Mark White, Interim Public Services Manager
Laurel Mabery, Budget Assistant

Other Attendees:

Mark Vanderhoff, Black Mountain News
Bob Pauley, Black Mountain Citizen

Town Manager Marcy Onieal reviewed the proposed Budget Workshop Agenda Calendar which includes workshop meeting dates for Thursday, June 3, 8:30-10:00 a.m. and Friday, June 11, 8:30 a.m. On Monday, June 14, 6:00 p.m. the Public Hearing on the proposed budget will be held during the regular meeting of BoA as well as the adoption of FY10-11 budget.

Finance Director Rick Shreve gave a power point presentation providing a financial overview, a copy of which is attached and hereby made part of these minutes. One graph indicated the percentage that General, Water and Golf funds comprise of the total budget, with the General Fund by far the largest. The General Fund is supported by a diverse array of revenues, with property taxes being the largest, but still comprising less than half of total revenue for the fund (48.26%), which also includes other taxes at 14.94%; sales and services at 12.43%;

unrestricted revenues at 7.99%; restricted revenues at 6.96% and permits and fees equal to 1.28%.

The manager is recommending a tax rate of 39 cents per \$100 valuation, an increase of 7 cents per \$100 valuation. If a home is assessed at \$200,000 the annual increase would be \$140 with a monthly equivalent averaging \$12. Revenue generated for the Town by the tax increase would be \$650,706. Buncombe County is not proposing to change their tax rate of 52.5 cents per \$100 in the upcoming year, and property revaluation, originally scheduled for 2010 has been postponed until 2014.

Mayor Carl Bartlett requested a line item report for each department prior to the next budget workshop.

The trend in local sales taxes for this current year is very different from last fiscal year, as the economic crash began a few months into FY08-09. Local sales tax is the second largest revenue source in General Fund, but subject to volatility in the economy. There is a three-month lag in State distributions, so the most recent distribution was for February collections. Mr. Shreve provided a chart showing sales taxes: month to month compared with previous fiscal years.

The proposed budget projects appropriation of \$295,000 in fund balance to balance the FY10-11 budget, down from \$328,000 in the current year. Due to the steep drop off in revenues, in FY 08-09, fund balance declined by \$90,000 even as departments suspended spending to make up for lagging revenues. Board-adopted policy suggests maintaining unreserved and undesignated fund balance in the General Fund of 30.5% of budgeted expenditures. Appropriating \$295,000 of fund balance for the next fiscal year leaves fund balance at approximately 31% of budgeted expenditures.

Two new fees are proposed in the recommended budget as follows:

1) *Video Gaming Fee*, which would generate about \$25,000 as proposed. If not approved, the proposed budget would need to be amended to make up the difference.

Alderman Joan Brown asked if the Town could collect more than the \$2,000 per site and \$500 per unit, which might deter additional sites and machines in Black Mountain. Aldermen Brown asked if the town would be able to change the fees once adopted. Ms. Onieal explained that the Board may set the tax rate only once a year at the time of budget adoption, but that they were free to adjust individual fees as necessary, with the adoption of a motion at any regular meeting.

Mayor Bartlett requested that the police and planning board provide locations and number of machines at the next budget workshop.

2.) *Special Events Permit Fees*: Currently, the town charges only for tent inspection (\$50) and electrical inspection (\$50), for special events requiring such, but the new few proposes an additional \$50 administrative fee for all applications, and additional charges for repeat

inspections. Although the fees are modest, they are designed to recoup actual cost of service. If adopted, both fees would become effective July 1, 2010.

Ms. Onieal reminded the Board that staff had researched and proposed a sanitation fee last year, which was not pursued by the Board and asked whether the Board wished to revisit such a proposal. Alderman Brandon recommended increasing recycling centers and making them more convenient. Mr. Shreve stated we have two years left on contract with GDS and that in recent communications GDS has offered a slight reduction if we add 1-3 years to the existing contract. Asheville has recently contracted with Waste Pro and reports saving \$1 million, although that savings came with some changes to service. Alderman Brown stated it would be hard to include the whole community in a sanitation fee due to boundary issues. It was decided to table discussion of a sanitation fee until such time as the Town considers a change in contract or service.

Alderman Carlos Showers requested that the golf cart fees as well as a list of membership be discussed at the next scheduled workshop.

Alderman Mike Sobol requested staff to provide the total amount of permits for new construction which have been issued in the current year, in order to see how much property value has been added to the tax base. Mr. Shreve showed the change in tax value from previous to current year as provided by Buncombe County tax office. Ms. Onieal explained that while building permit values are a good indicator of future growth in the tax base, there is usually a lag of 1-3 years for residential value to show up and even longer for commercial value to be reflected in the tax base, due to construction time and the once a year timing for tax listing and billing.

There being no further business, the meeting was adjourned at 10:05.

Carl R. Bartlett, Mayor

Marcia D. Onieal, Town Manager

ATTEST:

Darlene R. Whisenant, Town Clerk