

**MINUTES OF A SPECIAL WORK SESSION
OF THE TOWN COUNCIL OF THE
TOWN OF LAUREL PARK, N.C.
April 22, 2010
9:30 A. M.**

The Laurel Park Town Council held a special work session on budget issues and other items as needed at the Hendersonville Country Club on April 22, 2010 at 9:30 a. m. The following members were present: Mayor Henry T. Johnson, Commissioner Richard P. Cooke, Commissioner Dona M. Mennella, Commissioner J. Carey O'Cain, and Commissioner Robert O. Vickery. Town Manager Jim Ball, Town Clerk Kim Hensley, Police Chief Don Fisher, and Public Works Superintendent Richard Hughey were also present.

Mayor Johnson called to order the April 22, 2010 special work session.

APPROVAL OF AGENDA

Commissioner Vickey moved to approve the Agenda. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

DISCUSSION, BUDGET AMENDMENT FY 2009-2010 BACKGROUND

Mr. Ball reviewed with Council the expenditure and revenue shortfalls projected in closing out the FY 2009-2010 budget.

a) Expenditures. The Public Works Department will experience a budget shortfall of approximately \$199,200 mainly due to the harsh winter:

- Public Works Salaries - \$28,000 shortfall mainly due to an additional 700 hours of overtime expended because of the harsh winter
- Unemployment Claim – \$3,200 shortfall for an unemployment claim - the Town is self-insured against unemployment claims
- Auto Supplies - \$3,000 shortfall due to a no-fault vehicle accident (cost recovered)
- Snow Removal - \$16,000 shortfall due to additional sand/salt purchased
- Equipment Maintenance - \$5,000 shortfall for additional maintenance repairs
- Contracted Services - \$85,000 shortfall due to clean-up efforts from the ice storm
- Capital Outlay - \$59,000 expenditure to upgrade snow removal equipment
- Proposed offsets – defer the capital outlay purchase of a new industrial mower (\$15,000) and defer certain parks improvement items (\$7,500)
- Bottom Line – expenditure shortfall of approximately \$176,700

b) Revenues.

- Sales Tax - \$40,000 shortfall due to economic conditions
- Interest Income - \$13,000 shortfall due to lower investment interest rates
- Beer and Wine Distribution - \$6,700 shortfall due to reduced distributions by the state approved during the last legislative session
- ABC Funds - \$14,000 shortfall dues to reduced distributions
- Revenue offsets – certain revenue lines will show a minor increase over forecasted levels totaling approximately \$23,700
- Bottom Line – budgeted revenues sources indicate an approximate \$50,000 shortfall

c) Budget and Fund Balance Estimate as of: June 30, 2010

Mr. Ball presented Council a spreadsheet showing the Town's fund balance level projected for June 30, 2010 and discussed the impact the budget amendment would have on the estimated fund balance level. The unforecasted expenditures associated with the harsh winter coupled with the unforecasted revenue shortfall (mainly in sales tax revenues and interest income revenues) would reduce the Town's available fund balance by 17.2% or approximately \$275,000 upon executing the FY 2009-2010 budget; the unforecasted expenditures and revenue shortfalls will be major factors for consideration in preparing the FY 2010-2011 budget.

CONSIDERATION, FY 2009-2010 BUDGET ORDINANCE AMENDMENT #1

Mr. Ball stated that the FY 2009-2010 Budget Ordinance Amendment would address the expenditure and revenue shortfalls discussed.

Commissioner Cooke moved to approve the FY 2009-2010 Budget Ordinance Amendment #1. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

The FY 2009-2010 Budget Ordinance Amendment was hereby incorporated, by reference, and made a part of the minutes.

DISCUSSION, FY 2010-2011 BUDGET OVERVIEW

Mr. Ball stated the draft General Fund budget for FY 2010-2011 was \$10,000 less than the FY 2009-2010 initially adopted budget. The draft budget would need an additional \$116,300 fund balance appropriation to balance revenues to expenditures.

Mr. Ball stated he would provide Council with an overview of the draft general fund budget followed by a line by line review of all categories contained with in the budget.

Mr. Ball provided the following information concerning General Fund revenue projections for FY 2010-11.

- Tax Rate – current rate (.27/100) - 1 penny generates approximately \$40,000 in revenues
- Tax Base – reduced by \$3,000
- Motor Vehicle – slight increase of \$5,000
- Sales Tax – 9.7% decrease or \$40,000
- Interest Income – 68% decrease or \$13,000
- ABC funds – 40% decrease or \$15,900
- Other revenues – stable (Powell Bill, Utilities Franchise Taxes, Video Programming)

Mr. Ball provided the following information concerning General Fund expenditure projections for FY 2010-2011.

- Valley Hill Fire & Rescue – no change
- Solid Waste Management – increase of \$2,000
- Transfer to Sewer Fund - \$30,000
- Local Government Retirement System
 - Rate increase due to investment losses within the fund or an approximate \$10,000 increase for the Town
 - Reduced liability as of December 31, 2010 or an approximate \$9,000 reduction
- Town Insurance Programs
 - Health – final rates to be set on April 29 – potential 15% increase or \$33,000
 - Workers Compensation – no rate increase (rate is based on payroll and assigned risk ratios) – the Town will have an approximate \$2,000 reimbursement claim for increased payroll due to overtime paid during the FY 2009-2010 budget year
 - IRFFNC Property Liability – no rate increase (rate based on five year loss ratio, equipment value, number of employees, population).
- Audit – modest increase
- Pay scale – no COLA adjustment
- Payroll – currently reflects no pay raises
- Capital Outlay – one police vehicle \$23,000

Mr. Ball, assisted by the Town Department Heads, reviewed each line item within the general fund for their respective department.

Mr. Ball provided a draft water fund budget for FY 2010-2011 followed by a line by line review of all categories contained with in the water budget.

- Draft Water Fund Budget FY 2010-2011
 - 4.0% decrease from previous year or \$11,800
 - City of Hendersonville is discussing increasing outside water rates by 2.75% and the final figures are currently unknown
- a) Revenues
 - Water Sales stable
 - Interest Income – 80% decrease or \$2,000
 - Meter Installation – 50% decrease or \$3,000
 - Fund Balance appropriation \$17,800
- b) Administration Section
 - Water Fund Budget Overview
 - Water Fund – Software Upgrade
- c) Public Works Department
 - Water Fund Budget Overview
 - Water Fund – Capital Outlay (none programmed)

Mr. Ball provided a draft Sewer Fund budget for FY 2010-2011 followed by a line by line review of all categories contained with in the water budget.

- Draft Sewer Fund Budget FY 2010-2011
 - 5.5% decrease from previous year or \$6,000
 - City of Hendersonville is discussing an increasing outside sewer rates by 2.75% and the final figures are currently unknown
- a) Revenues
 - Sewer Sales – pass through to the City of Hendersonville
 - Interest Income – 85% decrease or \$6,000
 - Transfer from General Fund \$30,000
- b) Expenditures
 - Sewer Purchases – pass through to the City of Hendersonville

DISCUSSION, OPEN DISCUSSION ON THE BUDGET

The Council and staff openly discussed all aspects of the FY 2010-2011 draft budget. The following are Council decisions and guidance provided to staff.

- Council stipend – reduce by 50% for FY 2010-2011
- Reduce the Sewer Fund transfer from the General Fund by \$20,000
- Council directed Mr. Ball to review the Town's medical program with respect to reducing the coverage one level. The potential cost reductions would be reviewed at the next budget work session.
- On a recommendation by Mr. Ball, the Town would see a slight reduction in trash services costs by taking the trash collected in Laurel Park to a transfer station in Buncombe County versus Henderson County. Council directed Mr. Ball to provide the details at the next budget meeting.
- Council agreed to a recommendation by Mr. Ball that one Public Works position would go unfilled

- Council agreed on a recommendation by Mr. Ball that a review of brush collection services both on a reoccurring basis and an emergency basis was needed
- Council directed staff to review all budget lines for potential cost reductions

Council and staff agreed that another budget work session would be needed.

CONSIDERATION, TO SET A SPECIAL BUDGET WORK SESSION

Mayor Johnson discussed with Council to set an additional special budget work session to continue reviewing the draft budget for FY 2010-2011.

Commissioner Mennella moved to set a Special Budget Work Session for Tuesday, May 11, 2010 at 9:30 a.m. at Town Hall. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

OTHER ITEMS TO BE BROUGHT BEFORE THE TOWN COUNCIL

Mr. Ball provided Council with a packet from the NCLM Regional Legislative Update held in Asheville on April 20, 2010. Council will review the information for discussion at the May 13, 2010 Council Work Session.

There being no further business, Commissioner Cooke moved to adjourn the meeting. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

Attest:

Henry T. Johnson, Mayor

Kimberly B. Hensley, Town Clerk

Date