

**MINUTES OF A REGULAR MEETING
OF THE TOWN COUNCIL OF THE
TOWN OF LAUREL PARK, N.C.
May 18, 2010
9:30 A.M.**

The Laurel Park Town Council held its regular meeting in the Laurel Park Town Hall on May 18, 2010 at 9:30 a.m. The following members were present: Mayor Henry T. Johnson, Commissioners Dona M. Mennella, Robert O. Vickery, Richard P. Cooke, and J. Carey O'Cain. Town Manager Jim Ball and Town Attorney Sam Neill were also present.

Mayor Johnson opened the regular meeting and led the Pledge of Allegiance.

APPROVAL OF AGENDA

Mayor Johnson asked for any additions and/or deletions to the agenda. Commissioner Vickery moved to approve the Agenda. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

APPROVAL OF THE CONSENT AGENDA

- a) Minutes from the April 20, 2010 Council Regular Meeting
- b) Minutes from the April 22, 2010 Special Work Session - Budget
- c) Minutes from the May 11, 2010 Special Work Session – Budget
- d) Minutes from the May 13, 2010 Council Work Session
- e) Henderson County Historic Commission
Appoint Stephen L. Fosberg to December 31, 2011

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

PUBLIC HEARINGS

There were none.

OLD BUSINESS

There was none.

NEW BUSINESS

CONSIDERATION, RESOLUTION TO SELL SURPLUS EQUIPMENT

Mayor Johnson stated the resolution presented authorized the Town Manager to sell the 2000 Chevrolet Flat Dump Truck with snow plow and sander. He stated the 10-year old truck had been replaced in the current year and would no longer be needed. The equipment would be auctioned through Gov Deals.

Commissioner O'Cain moved to adopt the Resolution to Sell Surplus Equipment. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

CONSIDERATION, STORMWATER PERMIT RENEWAL

Mayor Johnson stated that, in 2005, Laurel Park had been mandated to adopt a Stormwater Management Program. He stated the program was due for renewal consideration by the North Carolina Department of Water Quality. The six minimum measures of the program were:

- Public Education and Outreach on Stormwater Impacts
- Public Involvement and Participation

- Illicit Discharge Detection and Elimination
- Construction Site Runoff and Control
- Post-Construction Stormwater Management in New Development and Re-development
- Pollution Prevention/Good Housekeeping for Municipal Operations

Mayor Johnson stated Council might delegate authority for implementation to an appropriate staff member. The action must be a specific person and position and the delegation action accomplished through Council action.

Commissioner O’Cain moved to delegate permit implementation authority to the Town Manager position filled by James W. Ball, Jr. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

CONSIDERATION, SEWER STUDY UPDATE AS PREPARED BY WILLIAM G. LAPSLEY & ASSOCIATES, P.A.

Mayor Johnson stated that, during the past year, the Town contracted with William G. Lapsley & Associates to prepare an updated study for providing sewer service throughout the Town. The purpose of the study would be to provide a current look at the alternatives for providing sewer service to the Town considering extensions of gravity sewer, pressure sewer systems, and/or a hybrid system (a combination of both). He stated that, during the course of the study, consideration had been given to the fact that Laurel Park would likely not be able to secure funding to provide sewer service to the entire Town with a single project. He stated the study had been completed.

Commissioner Vickery moved Council accept the Sewer Study Update as Prepared by William G. Lapsley & Associates, P.A. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

FY 2010-2011 BUDGET MEMORANDUM

James W. Ball, Jr., Town Manager, gave the following presentation of the FY 2010-2011 Budget Memorandum:

“Attached is the proposed annual budget for FY 2010-2011 for the Town of Laurel Park covering the period from July 1, 2010 to June 30, 2011. The budget was prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The budget is balanced and identifies all revenue and expenditure estimates for the fiscal year.

A line item budget is presented showing the estimated revenues and expenditures for each of the Town’s three funds (General, Water, and Sewer). A summary sheet precedes the budget, which allows Council to see the budget by broad categories followed by a fifteen page detailed line item breakdown. In the line item budget, Council can review the audited budgets for FY 2007-2008 and FY 2008-2009 plus the current year’s budget FY 2009-2010. Also included is the five-year Capital Planning Budget. The five-year Capital Plan shows capital purchases proposed for the next five years. The spreadsheet also summarizes capital expenditures for the current year; this capital plan is subject to revision annually. In addition, a spreadsheet is included in Council’s packet showing audited and estimated fund balance totals for each fund for the past several years that concludes with an estimated fund balance total for each fund as of June 30, 2011.

Prior to presenting the FY 2010-2011 budget, it is important to discuss the execution of the FY 2009-2010 budget. Though this adopted budget was conservative, recognizing projected economic realities, the current economic conditions created additional shortfalls in certain revenues, and the harsh winter caused significant increases in expenditures. Some of the specific details are as follows:

Revenue impacts.

- Sales Tax – a 9.8% or \$40,000 decrease due to economic conditions
- Interest Income – a 68% or \$13,000 decrease due to rock-bottom investment interest rates
- Beer and Wine Distribution – a 66% or \$6,700 decrease due to reduced distributions by the State approved during the last legislative session to offset State budget problems
- ABC Funds – a 35% or \$14,000 decrease in distributions from lower sales and a change in the distribution formula
- Revenue offsets – certain revenue lines show a minor increase over forecasted levels totaling approximately \$23,700
- Bottom Line – budgeted revenues sources indicate an approximate \$50,000 decrease from the adopted budget

Expenditure impacts.

- Public Works Salaries - \$28,000 increase due mainly to an additional 700 hours of overtime expended because of the harsh winter
- Unemployment Claim – \$3,200 for an unemployment claim - the Town is self-insured against unemployment claims
- Auto Supplies - \$3,000 increase due to a no-fault vehicle accident (cost recovered)
- Snow Removal - \$16,000 increase due to additional sand/salt purchased
- Equipment Maintenance - \$5,000 increase for additional maintenance repairs
- Contracted Services - \$85,000 increase due to winter weather clean-up efforts including the February 5 & 6 ice storm
- Capital Outlay - \$59,000 expenditure to upgrade snow removal equipment – the \$59,000 expenditure resulted from accelerating the planned replacement of the 2000 Flat Dump Truck with snowplow and sander due to maintenance problems with the old truck – some of this expenditure was offset by deferring the capital outlay purchase of a new industrial mower (\$15,000)
- Bottom Line – budgeted expenditures indicate an approximate \$176,700 increase

To account for these unforeseen revenue shortfalls and increased expenditures, the FY 2009-2010 budget was amended in order to balance the budget in accordance with State law. The Council approved an appropriation of \$264,200 of the Town's available Fund Balance for this purpose. The impact of the budget amendment reduced the Town's available Fund Balance by 27.5%. This is a major factor for consideration in preparing the FY 2010-2011 budget.

General Fund Overview for FY 2010-2011

The FY 2010-2011 Budget Proposal is based on an ad valorem property tax rate of \$0.31 per \$100.00 valuation, which is a 4 cent increase from the current year's rate.

I am proposing a General Fund Budget for FY 2010-2011 of \$1,885,100, which is a 1.2% or \$23,600 increase from the FY 2009-2010 initially adopted budget. The budget reflects a transfer of \$79,200 to Fund Balance upon executing the budget to offset a portion of the \$264,200 used to balance the current year's budget.

General Fund Revenues (\$1,885,100):

Revenue impacts:

- Tax Rate Change – (.31/100) - generates \$160,000 in revenue
- Sales Tax – 9.8% decrease or \$40,000 (same as the FY 2009-2010 budget amendment reflected)
- Interest Income – 68% decrease or \$13,000
- ABC funds – 55% decrease or \$22,000

- Other revenues – stable (Powell Bill, Utilities Franchise Taxes, Video Programming)

General Fund Expenditures (\$1,885,100):

Expenditure impacts:

- Governing Body – Council stipend to be reduced by 50% and expenses by \$1,000 - decrease \$7,800
- Valley Hill Fire & Rescue – no change
- Solid Waste Management – 2.0% decrease or \$3,000
- Transfer to Sewer Fund – decrease by \$20,000
- Local Government Retirement System
 - Rate increase due to investment losses within the Local Government Retirement System or an approximate \$10,000 increase to the Town
 - Reduced liability for the Town as of December 31, 2010 saves approximately \$9,000
- Town Insurance Programs
 - Health – final rates set on April 29 reflected a 17% increase in premiums or \$37,000 – reducing benefit coverage level to Med-500 saves \$17,000 – overall 9.1% increase or \$20,000 – the Town employees will see higher co-payment, deductible, and out-of-pocket costs – an adjustment of \$15,000 in the form of a one-time bonus payment to partially offset reductions in medical insurance benefits to employees
 - Workers Compensation – no rate increase (rate is based on payroll and assigned experience ratio – 1.14) – 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, building(s) value).
- No pay raises (official COLA index is negative this year)
- Personnel - hiring freeze on one position in Public Works
- Capital Outlay – one police vehicle \$17,000 and one industrial mower \$15,000
- Transfer to Fund Balance - \$79,200

Fund Balance: The Local Government Commission (LGC) for North Carolina requires that municipalities maintain a General Fund Balance of eight percent (8%) of expenditures, which equals one-month average expenditures. For smaller municipalities, such as Laurel Park, the Local Government Commission recommends higher fund balance totals. The Commission states the Fund Balance level is to be determined by the governing body. Examples influencing this decision are the size of the governmental unit and variability of cash flows within the budget year (as an example, property tax is the major source of revenue for Laurel Park within the General Fund, and the majority of the tax revenues are received from November – January of the budget year – a low fund balance for the Town creates cash flow difficulties within the first two quarters of a budget year). Other examples that influence the Fund Balance level are: current economic conditions, debt owed or contemplated, stability of other revenue sources, future capital needs, susceptibility to natural disasters, etc. The average statewide Fund Balance for communities the size of Laurel Park was 65.82% for fiscal year ending June 30, 2009. Upon close-out of the FY 2009-2010 budget, the General Fund Balance will be approximately 33.98%. Upon execution of the FY 2010-2011 budget, the Town’s estimated available General Fund Balance for June 30, 2011 will be \$781,911 or 43.30%. Laurel Park has no debt.

Water Fund Overview for FY 2010-2011

The Town purchases water from the City of Hendersonville. This budget proposal recommends the Town water rates be adjusted to coincide with the new proposed Hendersonville outside customer water rates. This will increase the water rate, per thousand gallons of water used by customers served by the Laurel

Park water system, from \$3.97 to \$4.08 in the new fiscal year, an increase \$0.11 or 2.8% per thousand gallons of water used. Residential averages are approximately 5,000 gallons a month per customer. In this example, a resident would see a \$0.50 increase monthly. Since Laurel Park bills for water on a two-month cycle, this resident would see an approximate increase of \$1.00 within the billing cycle depending on his/her usage patterns.

The water fund is strictly a self-sustaining enterprise fund. The proposed Water Fund budget for FY 2010-2011 is \$281,500, which is 4.1% or \$12,100 lower than the FY 2009-2010 adopted budget.

Water Fund Revenues (\$281,500): The major source of revenue within the Water Fund comes from customer water sales and monthly fixed charges. Additional revenues come from system development charges, tap fees for new construction, and interest income.

Water Fund Expenditures (\$281,500): The major expenses within the Water Fund are water purchases from Hendersonville, the cost of operating and maintaining our distribution system, and related salaries. The Town provides water service to 832 households and three businesses. The Town maintains eight water storage tanks, six pumping stations, and over 26 miles of service lines.

Sewer Fund Overview for FY 2010-2011

Within the Town of Laurel Park, the majority of the sewer lines are owned and maintained by the City of Hendersonville, which sets the sewer rates based on metered water consumption, not sewer flow volume. This budget proposal recommends the Town sewer rates be adjusted to coincide with the new proposed Hendersonville outside customer sewer rates. This will increase the sewer rate, per thousand gallons of water used by customers served by the Laurel Park water system, from \$6.42 to \$6.60 in the new fiscal year, an increase \$0.18 or 2.8% per thousand gallons of water used. Residential averages are approximately 5,000 gallons a month per customer. In this example, the resident would see a \$0.90 increase monthly. Since Laurel Park bills for water on a two-month cycle, this resident would see an approximate increase of \$1.80 within the billing cycle depending on his/her usage patterns.

The Sewer Fund is an enterprise fund established to assist in financing future sewer needs for Laurel Park, as required, and to handle current sewer account transactions between Laurel Park and Hendersonville. The proposed Sewer Fund budget for FY 2010-2011 is \$83,000, which is 23.8% or \$26,000 lower than the FY 2009-2010 adopted budget.

Sewer Fund Revenues (\$83,000): The major source of revenue within the Sewer Fund comes from customer sewer sales which are a pass through revenue to the City of Hendersonville with additional revenue coming from interest income and \$10,000 from the General Fund.

Sewer Fund Expenditures (\$83,000): The major expenditures within the Sewer Fund are the account transactions between Laurel Park and Hendersonville.

In closing, the Town Council and Manager will review and refine this proposal for the FY 2010-2011 Budget at the June work session. After today's meeting, this proposal will be filed with the Town Clerk and be available to the public during normal office hours until the budget ordinance is adopted. I will also direct the clerk to publish a statement that the budget has been submitted to the governing board and is available for public inspection. This statement will also give notice of the public hearing requirement prior to adoption of the budget ordinance.

Finally, I recommend that Town Council set a public hearing, as required by G. S. 159-12, for June 15, 2010 at 9:30 a. m. in the Laurel Park Town Hall to allow for public comment on the proposed budget."

Commissioner Mennella moved to set a public hearing, as required by G. S. 159-12, for June 15, 2010 at 9:30 a. m. in the Laurel Park Town Hall to allow for public comment on the proposed budget. Mayor Johnson asked for discussion. Commissioner Vickery asked if anything could happen between now and

the work session in June to change the budget. Mr. Ball stated two things had already occurred: One, the computer server crashed, and two, the sales tax distribution the Town received for May was the worst distribution the Town had ever received. Commissioner O’Cain asked what the distribution cycle was for receiving sales tax revenue. Mr. Ball stated 45 days. The vote was unanimous in favor of the motion.

TOWN MANAGER’S REPORT

Mr. Ball had no comments.

Chief Fisher gave the following police statistics for the month of April: 674 residence checks, 1 arrest, 2 accidents, 1,168 area security checks, 1 death investigation, and 1 domestic, for a total of 2,384 service events for the month.

OTHER ITEMS TO BE BROUGHT BEFORE THE TOWN COUNCIL

Attorney Neill stated he was very close to getting everything signed and finalized on the Mansouri property.

MAYOR AND COMMISSIONER’S COMMENTS

MAYOR JOHNSON – Mayor Johnson had no comments.

COMMISSIONER MENNELLA – Commissioner Mennella had no comments.

COMMISSIONER VICKERY – Commissioner Vickery had no comments.

COMMISSIONER O’CAIN – Commissioner O’Cain had no comments.

COMMISSIONER COOKE – Commissioner Cooke had no comments.

There being no further business, Commissioner Cooke moved to adjourn the Regular 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, CMC
Town Clerk

Date