

**MINUTES OF A REGULAR MEETING
OF THE TOWN COUNCIL OF THE
TOWN OF LAUREL PARK, N.C.
MAY 17, 2011
9:30 A.M.**

The Laurel Park Town Council held its regular meeting in the Laurel Park Town Hall on May 17, 2011 at 9:30 a.m. The following members were present: Mayor Henry T. Johnson, Commissioners Dona M. Mennella, Robert O. Vickery, J. Carey O'Cain and Richard P. Cooke. Town Manager Jim Ball was 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. Mayor Johnson requested a closed session be added to the Agenda for the purpose of considering the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee [N.C.G.S. 143-318.11(a)(6)]. Commissioner Vickery moved to approve the agenda as amended. 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 19, 2011 Council Regular Meeting
- b) Minutes from the April 26, 2011, Budget Work Session
- c) Minutes from the May 12, 2011 Council Work Session
- d) Laurel Park Planning Board, Appointment – Laurie Bakke to 12/31/12
- e) Proclamation, Stain Glass Week, July 2011
- f) Proclamation, Small Business Week, May 23-27, 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, HENDERSON COUNTY MULTI-JURISDICTIONAL NATURAL HAZARDS MITIGATION PLAN

Mayor Johnson stated a resolution had been prepared for Council's consideration to adopt the Henderson County Multi-Jurisdictional Natural Hazards Plan. He stated the original plan was adopted in 2003 and the resolution for consideration was the second five-year review and update as required by FEMA.

Commissioner Mennella moved to approve the Resolution for a Henderson County Multi-Jurisdictional Natural Hazards Mitigation Plan. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

FY 2011-2012 BUDGET MEMORANDUM

James W. Ball, Jr., Town Manager gave the following presentation of the FY 2011-2012 Budget Memorandum:

"Attached is the proposed annual budget for FY 2011-2012 for the Town of Laurel Park covering the period from July 1, 2011 to June 30, 2012. 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, the Council can review the audited budgets for FY 2008-2009 and FY 2009-2010 plus the current year's budget FY 2010-2011. Also included is the five-year Capital Planning Budget, which shows capital purchases, proposed for the next five years. The spreadsheet also summarizes capital expenditures for the current year; the 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 over the past several years which also includes an estimated fund balance total for each fund as of June 30, 2012.

This is a re-evaluation year in Henderson County; real property values within Laurel Park reflect an approximate 14.4% overall decrease. As one would expect, since this is an overall average, some property values decreased more than the average, some property values decreased less than the average, and some property values actually reflected an increase in value.

STATEMENT OF REVENUE-NEUTRAL TAX RATE

The 2003 General Assembly enacted S.L. 2003-264, which added subsection (e) to G.S. 159-11. This amendment requires each taxing unit to publish a revenue-neutral tax rate for comparison purposes as part of its budget for the fiscal year following re-evaluation of real property.

The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no re-evaluation had occurred. To calculate the revenue-neutral tax rate, the budget officer first determines a rate that would produce revenues equal to those produced for the current fiscal year. For Laurel Park, this rate would be 36.1 cents. Next, the budget officer increases the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general re-evaluation. This growth factor represents the average percentage increase per year of the tax base due to these improvements. For Laurel Park, this rate was 1.43%. The budget officer further adjusts the rate to account for any annexation, deannexation, merger, or similar event. Using the formula mandated by state law, the revenue-neutral tax rate for Laurel Park would be 36.7 cents.

The revenue-neutral rate does not take into account other major factors and trends affecting the preparation and adoption of the annual operating budget. Such factors and trends include revenue collection rates, staffing levels, capital outlay projections, park maintenance and potential park system expansion, fire protection, and solid waste collection, to name a few. Other factors that play a role in setting the tax rate are growth patterns affecting the community, federal and state legislation that impact our community, economic conditions, and other sources of revenue received by the Town in addition to property taxes.

General Fund Overview

The proposed General Fund Budget for FY 2011-2012 is \$1,912,100, which is 1.43% or \$27,000 higher than the current year's amended budget.

The FY 2011-2012 Budget Proposal is based on an ad valorem tax rate on property of 36 cents per \$100.00 valuation, which is a 5 cent increase from the FY 2010-2011 rate of 31 cents per \$100.00 valuation.

General Fund Revenues (\$1,912,100):

- Tax Rate – proposed rate (.36/100) where 1 penny generates approximately \$36,125
- Tax Base (estimated)
 - Real Property – 14.4% decrease in value or \$56,550,000
 - Personal Property – 1.5% decrease in value or \$74,000
 - Utilities – 0.8% decrease in value or \$227,782
 - Motor Vehicle – 6.6% increase in value or \$1,185,000
- Sales Tax – stable
- Interest Income – 33% decrease or \$2,000
- ABC Funds – 44% decrease or \$8,000
- Utilities Franchise Taxes – 11% increase or \$8000
- Video Programming – 6.6% decrease or \$2,000
- Other revenues – stable (Powell Bill, Beer & Wine Tax)
- Fund Balance appropriation of \$19,000.

General Fund Expenditures (\$1,912,100):

- Governing Body – stipend no change
- Audit – no change
- Valley Hill Fire & Rescue – no change
- Solid Waste Management – increase of \$2,000
- Local Government Retirement System
 - Minor rate increase due to investment losses within the fund or approximately \$2,900
 - Reduced liability as of December 31, 2010 or approximately \$14,000
- Town Insurance Programs
 - Health – final rates were set on April 19 – 4.9% increase or \$10,000
 - Workers Compensation – minor rate adjustment on some classes of employees (rate is based on payroll and assigned risk ratios for classes of employees)
 - IRFFNC Property Liability – no rate increase (rate based on five-year loss ratio, equipment value, number of employees, etc.).
- Pay scale – 2% COLA adjustment
- Merit - .0% to 1.5%
- Capital Improvements budgeted include: \$17,000 to purchase a police vehicle, \$20,000 to replace the Town's 1986 hydro-mower, and \$1,200 to replace the clerk's computer.
- Park Improvements include: approximately \$30,000 to purchase two parcels to be added to the nature park and included within the stream restoration project.

Fund Balance: The Local Government Commission (LGC) for North Carolina requires that municipalities retain 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, variability of cash flows within the budget year, economic conditions, debt owed or contemplated, future capital needs, susceptibility to natural disasters, etc. The average statewide Fund Balance for communities the size of Laurel Park was 66.65% for fiscal year ending June 30, 2010. Upon execution of this year's budget, the Town's estimated available General Fund Balance for June 30, 2012 would be approximately \$778,160 or 40.7%. The Town has no debt.

Water Fund Overview

The Town purchases water from the City of Hendersonville. Currently, there are no projected changes in the water rates for this budget year. The Water Fund is strictly a self-sustaining enterprise fund. The proposed Water Fund budget for FY 2011-2012 is \$296,300, which is a 5.3% or \$14,800 increase from the FY 2010-2011 budget.

Water Fund Revenues (\$296,300): 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 (\$296,300): 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

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. There are no projected changes in the sewer rates for this budget year.

The Sewer Fund is an enterprise fund established to assist in financing future sewer planning, engineering, and construction for Laurel Park as required, and to handle current sewer account transactions between Laurel Park and Hendersonville. The proposed Sewer Fund budget for FY 2011-2012 is \$76,000, which is an 8.45% or \$7,000 decrease from the FY 2010-2011 budget.

Sewer Fund Revenues (\$76,000): 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 \$1,000 from the General Fund.

Sewer Fund Expenditures (\$76,000): 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 2011-2012 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 Tuesday, June 21, 2011 at 9:30 a. m. in the Laurel Park Town Hall to allow for public comment on the proposed budget."

CONSIDERATION, PUBLIC HEARING, FY 2011-2012 BUDGET

Commissioner Mennella moved to set a public hearing, as required by G. S. 159-12, for Tuesday, June 21, 2011 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; there was none. The vote was unanimous in favor of the motion.

TOWN MANAGER'S REPORT – Mr. Ball stated the brush collection should be completed within 5-7 business days.

Chief Fisher gave the following police statistics for the month of April: 3 arrests, 4 accidents, 6 suspicious persons, 29 vehicle stops, 2 assaults, 1 prescription fraud, 1,156 area security checks and 1,001 residence checks for a total of 2,924 service events for the month.

OTHER ITEMS TO BE BROUGHT BEFORE THE TOWN COUNCIL

There were none.

MAYOR AND COMMISSIONER'S COMMENTS

MAYOR JOHNSON – Mayor Johnson had no comments.

COMMISSIONER MENNELLA – Commissioner Mennella had no comments.

COMMISSIONER COOKE – Commissioner Cooke had no comments.

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

COMMISSIONER VICKERY – Commissioner Vickery had no comments.

At the request of Mayor Johnson, Commissioner Cooke moved to recess the Regular Meeting and go into Closed Session for the purpose of considering the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee [N.C.G.S. 143-318.11(a)(6)]. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

Commissioner Cooke moved to reconvene the Regular Meeting. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

There being no further business, Commissioner O'Cain 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