

**Town of Montreat  
Board of Commissioners  
Town Council Meeting  
May 24, 2010 – 5:00 p.m.  
Town Services Office**

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The Montreat Board of Commissioners held a Special Meeting on May 24, 2010 at 5:00 p.m. in the Town Services Office.

Commissioners present: Mayor Letta Jean Taylor  
Mayor Pro Tem Eric Nichols  
Commissioner Ruth D. Currie  
Commissioner Jack McCaskill  
Commissioner O'Neil Tate

Commissioners absent: Commissioner Mary Standaert

Town staff present: Ron Nalley, Town Administrator  
Misty R. Gedlinske, Town Clerk  
Stefan Stackhouse, Finance Officer

No members of the public were present. Mayor Taylor called the meeting to order at 5:08 p.m. and held a moment of silence.

**Agenda Approval**

Commissioner Currie moved approve the meeting agenda as presented. Mayor Pro Tem Nichols seconded and the motion carried 4/0.

**Proposed 2010-2011 Fiscal Year Budget Presentation**

**Overview: Budget Message and Summary**

The total recommended budget for fiscal year 2010-2011 is \$ 3,015,700. The tax rate necessary to fund this budget is \$0.37 cents per \$100 of valuation, based on a collection rate of 99%. The budget is balanced and is prepared in accordance with the Local Government Budget and Fiscal Control Act and in accordance with Local Government Commission guidelines. Several events influenced the development of this budget, including current national economic factors, the State of North Carolina budget shortfall, funding for various capital projects indentified in the Capital Improvements Plan, fuel cost and utility fee increases and employee benefit costs. In accordance with North Carolina State Law, the Town's budget is prepared on the modified accrual basis, and its accounting records also are maintained on that basis.

**Revenues**

General Fund Revenues: The General Fund is the general operating fund of the Town, used to account for all financial resources except those required to be accounted for in another fund. Property tax revenues are estimated at \$856,000, an increase of \$2,500 from the previous fiscal

year. Local Government Sales Tax revenues are estimated at \$300,000, unchanged from the previous fiscal year. Utility Franchise Taxes are estimated at \$52,000, only slightly increased from the previous year. Primary expenditures are related to public safety, streets and sanitation, parks and recreation, and general government services. General Fund revenues budgeted for Fiscal Year 2010-2011 total \$2,401,700, an increase of \$409,500 from the previous year.

Mr. Nalley noted that, for the first time in his experience, both real and personal property valuations have decreased from one fiscal year to the next. Some discussion was heard concerning how this decrease is calculated and its effect on budget preparations for the upcoming year.

Fund Balance: Pursuant to local policy, the Town will retain a Fund Balance level of 35% of General Fund expenditure amounts, which will be used to maintain adequate cash flow levels, provide steady investment income, help absorb revenue shortfalls and occasionally aid in making recurring purchases. A Fund Balance appropriation to the General Fund in the amount of \$289,000 will be necessary to fund the Assembly Drive resurfacing project.

Powell Bill Fund: This fund used to account for the North Carolina gasoline tax, which is distributed among cities on a per capita basis and according to the number of miles of non-state streets in each city. Powell Bill revenues may be used only for maintaining, repairing, and constructing streets or thoroughfares, including bridges, drainage, curb and gutter and other necessary appurtenances to streets. Street maintenance includes cleaning and snow removal. Powell Bill funds are expected to increase to \$ 43,500, an increase of \$ 3,000 from the previous year.

Water Fund: Operating revenues for this fund are budgeted for \$614,000, a decrease of \$43,560 from the last fiscal year. This figure includes \$252,000 in funding through the American Recovery and Reinvestment Act of 2009 and \$35,000 in community service fees from the Montreat Conference Center, and accounts for nearly 47% of Water Fund revenues. \$36,500 is appropriated from Retained Earnings. \$99,400 is budgeted for debt service payments, as well as an \$85,800 transfer to the General Fund.

During discussion, Mr. Nalley explained that the community service fees will be charged by the Montreat Conference Center to its conferees and then paid to the Town. These funds will be used to offset the cost of real property purchases for the Greybeard Trail well site.

### **Expenditures**

General Fund Expenditures - Personnel: The proposed budget recommends a 2.5% cost of living adjustment for all employees, at an annual cost to the Town of \$14,788. 5% 401(k) contributions continue for all employees. The North Carolina Retirement System Division increased the amounts local governments are required to pay into the system on behalf of its employees from 4.92% to 6.47% for general employees and from 4.86% to 6.41% for law enforcement personnel.

This is an increase of approximately 32% from the previous year. No new staffing positions are recommended at this time.

General Fund Expenditures – Governing Board: Projected expenditures for this department increased 27.1% from the previous year. \$35,000 is included for legal services, along with \$19,000 for annual audit services and \$5,000 for an annexation study for the upper Greybeard Trail area. No funding is proposed for the Open Space Conservation Fund for the upcoming fiscal year.

General Fund Expenditures - Administration: Projected expenditures for this department decreased 5.2% from the previous year and include \$13,500 for tax collection services.

General Fund Expenditures - Public Buildings: Projected expenditures for this department increased 21.1% from the previous year. Notable budget items include \$42,000 in insurance costs, as well as utility fees and maintenance and repair costs.

General Fund Expenditures – Police: Projected expenditures for this department increased 13.4% from the previous year. \$17,400 is included for dispatching services, as well as \$32,000 for the purchase of a new patrol vehicle and \$750 for firearm replacement.

General Fund Expenditures - Planning and Zoning: Projected expenditures for this department decreased 21.6% from the previous year. Notable budget items include computer and software purchases and the transfer of residential fire and building inspection services from the Town of Black Mountain.

General Fund Expenditures – Public Works: Projected expenditures for this department decreased 15.3% from the previous year. Among the items allocated in this department are salary and benefit expenses for the Public Works Director and Phase Two, Year One Stormwater Program costs.

General Fund Expenditures - Streets: Projected expenditures for this department increased 13.3% from the previous year. Street lighting is budgeted in the amount of \$23,500. \$7,000 is allocated for tree removal costs, along with \$4,000 for contract labor. The Assembly Drive and truck route paving and storm drainage project is budgeted at \$289,000. Replacement of the bridge on Texas Road is budgeted at \$700,000, although 80% of these costs will be covered by a reimbursement grant through the North Carolina Department of Transportation's Municipal Bridge Program. \$10,600 is also allocated toward the final year of tractor purchase debt service payments.

General Fund Expenditures - Powell Bill: Projected expenditures for this department increased 7.4% from the previous year and include \$24,000 in paving costs for smaller-scale projects which do not require storm drainage work. \$4,500 is also allocated for road sign refurbishment and/or replacement.

General Fund Expenditures - Sanitation: Projected expenditures for this department increased 2.1% from the previous year. Notable budget items include \$16,000 in debt service payments for the sanitation vehicles, and costs associated with continued in-house garbage disposal, recycling, yard waste removal and bulk item disposal services. More research is needed before staff will be ready to recommend policy changes to include a “pay-as-you-throw” yard waste disposal program or stormwater utility fees in this department.

General Fund Expenditures –Environment, Conservation and Recreation: Projected expenditures for this department increased 936.4% from the previous year, due to the \$100,000 budgeted for the Assembly Drive greenway project, which included \$80,000 in grant funding from a source yet to be identified. Other significant budget items include \$1,000 in funding for the Montreat Landcare Committee and continued construction funding for the Native Plant garden project.

Appropriated Fund Balance: The requested \$289,000 Fund Balance Appropriation amount is a 9.3% decrease from the previous fiscal year.

Water Fund Expenditures: Projected expenditures for this department decreased 6.6% from the previous year. Notable budget items include \$99,400 in debt service payment for the Town’s Water Bond, American Recovery and Reinvestment Act of 2009 loan funding, and Greybeard Trail real property purchase. The Texas Road water line replacement project is budgeted at \$92,000, along with well site construction on Greybeard Trail in the amount of \$252,000. The Water Fund will also make an \$85,800 transfer to the General Fund.

Mr. Nalley referred to pages 36-38 of the proposed Budget document, which included a schedule of revenues for both the General and Water Funds, along with information on revenue trends over the past ten years. He advised that only the three projects in each department that were assigned the highest priority under the Capital Improvements Plan (CIP) were funded in the proposed budget. The one exception to this was the Assembly Drive Greenway, due to the need to complete this project at the same time as the road is paved for both financial and engineering purposes.

Mr. Nalley then referred to the “Governing Body” portion of the budget’s Operational Guide as an example of how key action items, workload indicators, expenditure categories and itemizations, comparisons between departmentally request and Administrator approved expenditures, and explanations of increases and decreases since the previous fiscal year were provided for each department.

Discussion was then heard concerning the Assembly Drive Greenway project. Mr. Nalley advised that Equinox Environmental Group would like to conduct a public information session as near as possible to the July 4<sup>th</sup> holiday in order to maximize public participation and involvement. Available dates and locations were July 5<sup>th</sup> at Freeland Hall or July 6<sup>th</sup> at the Walkup Building. The Board will be asked to choose one of these options at their June 3 Agenda Meeting. Mayor Taylor said that at the Agenda Meeting, additional special meetings will also be set for further discussion of the proposed 2010-2011 Fiscal Year Budget.

**Old Business**

Town of Montreat Police Captain and Senior Water Technician: Job descriptions for both of these positions have not yet been completed, but will be included in the Board's agenda packet materials for their June Town Council Meeting. Commissioner Currie asked that a job advertisement be placed for the vacant Utility Maintenance Technician/Treatment Operator position as soon as possible.

**Public Comment**

There were no comments from the public at this time.

**Adjournment**

There being no further business to discuss, Commissioner McCaskill moved to adjourn the Special Meeting. Commissioner Tate seconded. The motion carried 4/0 and the meeting was adjourned at 6:05 p.m.

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Letta Jean Taylor, Mayor

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Misty R. Gedlinske, Town Clerk