

## TOWN OF WEAVERVILLE

### TOWN COUNCIL

#### Minutes

The continuation of the Regular Town Council meeting on May 16, 2011 at 7:00 P.M. was held on Monday, May 23, 2011 at 4:30 P.M. in the Council Chambers at 30 South Main Street.

Present: Mayor Al Root, Vice-Mayor Dottie Sherrill, Council members Walt Currie, Doug Dearth, Doug Jackson, and Gene Knoefel. Town Manager Michael Boaz, Larry Sprinkle, Greg Stephens, Eric Rogers, Jeff Hooper, Jim McMillan and Shelby Shields.

Visitors: John Young.

Mayor Root called the continued meeting to order and stated the major item on the agenda is the proposed 2011-2012 budget.

Council Member Dearth recapped the key points, stating that from FY 2007/08 thru 2009/10, Council reduced Ad Valorem tax rate by \$ .07.5 or approximately 17%. Last year there were no changes in the tax rate. The projected Ad Valorem is reduced this year and is projected to drop further over the next two or three years. Also, the Council established the principal in a budget discussion earlier that there would be no reduction in the quality and level of service. The staff has reduced estimated costs for the next fiscal year approximately 1.6% from the current year. There are also a number of capital expenditures that will need to be addressed in FY 2013/14 , and 14/15. Council Member Dearth proposed that the tax rate be increased by \$ .02 per 100 evaluation for FY 2011/2012 and be prepared to do so the following year if the numbers warrant an increase.

Council Member Jackson reviewed the erosion of the tax base, along with other factors beyond the Town's control that have reduced funds. He felt the departments have acted responsibility in reducing their expenditures. Council Member felt that a modest increase over two or three years was better for the citizens rather than hitting them with a large amount at one time.

Council Member Knoefel stated his concerns of the increase in professional services. The proposed budget shows that the Fund Balance is 61% of the proposed budget, which is healthy and well above the policy. However, he understands the concerns about the Ad Valorem tax decrease, and potential in cuts from Raleigh, but he still has a problem with increasing taxes. Council Member Knoefel proposed to keep the tax rate the same this year.

Vice Mayor Sherrill stated that she also had a real problem with raising taxes. However, after studying the budget, there is no other way out other than the .02 tax increase. She doesn't want to see services reduced or a larger increase next year or the next to make up the difference.

Council Member Currie stated that he would like to see a five (5) fiscal year approach to the budget, with input from Mr. Boaz and Mr. McMillan. He felt that the current projections on the

sales tax revenue were conservative and projected ABC revenues, translating the revenues into cents on the dollar, which could add up to 3/4\_ on the rate. Mr. Currie would like further analysis of the projects over the next five years.

Mayor Root stated that he would oppose a tax increase and felt that the Council should spend some significant time together, going back and questioning what the assumptions are: what is going to be done; what level of benefits is the Town getting; and the services willing to pay for and pay taxes for. Mayor Root further stated that he felt the proposed budget, even with the salary increase, remains at a reserve level, above the 60% fund balance figure, with budget numbers that year to year are not actually spent. He felt that the Council should go through a very careful process of what is to be done. If it justifies a 3 or 4\_ increase next year, then at the prudent time to do it.

Council Member Currie stated again that he felt that the projectionns on local government sales, N.B. Fire tax, and fund balance interest are all too conservative. There was discussion on projects and assumptions of the taxes.

Council Member Jackson felt that the Council should make a slight change in the tax rate, if it is not necessary to make a 2\_ increase next year, then make a 1\_ increase.

After further discussion, Council Member Dearth made the motion to ask staff to prepare a final budget, to go to public hearing, based on 2\_ per \$100 valuation. The motion was seconded by Council Member Jackson and approved by a vote of 4 - 1. Council Member Knoefel opposed the motion.

Council Member Dearth clarified that the new phone system was not in the budget.

Council Member Knoefel asked Mr. Boaz if he was using less of the fund balance, would the numbers stay the same? Mr. Boaz stated that the numbers would be the same, all that will be changed is the anticipated from revenue property tax, there will be no changes to the expenditures.

The motion was made by Council Member Knoefel to go into Closed Session pursuant to N.C. Gen. Stats. Sec 143-318.11(6) to consider the qualifications, competence, performance, character, fitness conditions of appointment, or condition of initial employment. The motion was seconded by Vice Mayor Sherrill and unanimously approved.

The motion was made, seconded and approved to return to Regular session. There being no further business, the motion was made, seconded and approved to adjourn.

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Shelby Shields

