

*****June 20, 2011*****

The Signal Mountain Town Council held its regular monthly meeting on Monday, June 20, 2011, at 6:30 p.m. in the Town Hall. Those present were:

Mayor Bill Lusk
Vice Mayor Susan Robertson
Councilmember Bill Wallace
Councilmember Dick Gee

Also present were: Town Manager Honna Rogers
Town Recorder Mark Johnson
See attached list for others present

Mayor Lusk led the pledge of allegiance. Stacey Seals, Fire Chaplain, gave the invocation. The roll was called.

Minutes

The minutes for the May 9th regular meeting, June 6th special meeting and May 23rd agenda meeting, were discussed. With no additions, deletions, or corrections, all minutes were approved.

Citizen Comments

Mayor Lusk invited comments from the audience.

Bruce Caldwell, Fairmount Avenue, said that after reading an article relating to the proposed property tax, he was disappointed that the Council could find no other ways to balance the budget. Mayor Lusk said that several meetings had been held, and the Council worked diligently to find spending cuts.

Miles Dexter, Pinehurst Lane, introduced himself and explained that his attendance would help him receive a "Citizenship in Community" scout merit badge.

Requests

Tom Baird, representing Signal Mountain Presbyterian Church, requested that a special permit to erect a columbarium be granted to the church. He explained that all required stipulations have been met. He also said that construction would hopefully begin in late July. Mayor Lusk asked if the conditions prescribed by the BZA were acceptable. Mr. Baird said that they were. Councilmember Gee moved and Councilmember Wallace seconded that the grant be permitted. The motion passed unanimously.

Michael West of MAPCO was present to request that the station be granted a sign variance. He explained that BP, the recent acquirer of the station, has its own sign requirements. Vice Mayor Robertson explained that the issue regarded the sign's use of LED lighting, which is not permitted under the current ordinance; however, it will probably be allowed under the new ordinance which is currently being updated. She also suggested that the Council consider approving the LED, but defer approval of the entire variance because the DRC had not yet seen the proposed sign picture.

We can approve LED for the sign. Karen Rennich, Chairperson of the DRC, said that the DRC reviewed the request and recommended that the variance be granted. She said that the change here should not make a significant difference to that recommendation. She reviewed different sign types. Mayor Lusk moved and Vice Mayor Robertson seconded that the variance be approved. The motion passed unanimously.

Ordinances

1. "AN ORDINANCE TO ADOPT THE RATE OF TAXATION ON ALL TAXABLE PROPERTY IN THE TOWN OF SIGNAL MOUNTAIN HEREINAFTER KNOWN AS THE "FY 2011-2012 BUDGET ORDINANCE" TO PROVIDE REVENUE FOR THE TOWN OF SIGNAL MOUNTAIN DURING THE FISCAL YEAR BEGINNING JULY 1, 2011 AND ENDING JUNE 30, 2012, AND APPROPRIATING SAME TO THE PAYMENT OF THE EXPENSES OF THE MUNICIPAL GOVERNMENT DURING SAID FISCAL YEAR; FIXING THE RATE OF TAXATION ON ALL TAXABLE PROPERTY IN THE TOWN OF SIGNAL MOUNTAIN FOR FISCAL YEAR 2011-2012 AND THE TIME TAXES AND PRIVILEGES ARE DUE, HOW THEY SHALL BE PAID, WHEN THEY SHALL BECOME DELINQUENT; AND PROVIDING FOR INTEREST AND PENALTIES ON ALL DELINQUENT TAXES AND PRIVILEGES OWED TO THE TOWN OF SIGNAL MOUNTAIN AND APPROPRIATING SAME TO THE PAYMENT OF THE EXPENSES OF THE MUNICIPAL GOVERNMENT DURING SAID FISCAL YEAR." Mayor Lusk explained that this ordinance raised the tax rate from \$1.51 per \$100 of assessed value to \$1.66 per \$100. Mayor Lusk moved and Councilmember Gee seconded that the ordinance be approved. Councilmember Wallace moved to approve the ordinance subject to an amendment that would return the tax rate to \$1.51 per \$100 of assessed value and restrict only \$.19 of the rate to school loan debt service instead of \$.30. Mayor Lusk withdrew his previous motion, and Councilmember Gee withdrew his related second. Mayor Lusk seconded Councilmember Wallace's motion.

Councilmember Gee noted that the amended version would leave a General Fund budget deficit of approximately \$109,000. Ms. Rogers explained that that deficit could be reduced to \$47,000 if the upcoming Town Hall siding project was reduced to funding only needed repairs, rather than complete replacement which was actually recommended by one contractor. She also explained that restricting \$.19 of the property tax rate would provide \$411,000 and the minimum payment for next year is \$427,000; however, property taxes typically come in slightly higher than expected and the interest rate will likely remain low. She said that reducing the restricted amount would defer the estimated final payment of the loan to 2021 and cost an estimated \$150,000 more in interest, whereas maintaining a higher rate would accelerate the payoff to 2017. She noted that the loan would be paid off earlier than its original maturity in either case.

Mayor Lusk said that his concerns with lowering the restricted tax were 1) that the *intent* of the vote creating the tax was to pay for nothing but the school debt and 2) that paying the minimum was similar to an individual making only minimum payments on a credit card. He said that he would be more comfortable with this if there were intent to take any excess revenues/windfalls and apply them to the debt. Councilmember Wallace said that it's very good to take

opportunities to pay off debt, but other needs exist, and different strategies are sometimes needed. Councilmember Gee said that more could be paid on the loan aside from the \$.19, if desired.

Vice Mayor Robertson stated the following in support of a tax increase:

Property taxes had not been raised, aside from the creation of the restricted school loan tax, since 2001. Significant revenue sources have been either stagnant or declining in recent years, and the global economy is unstable. The General Fund balance is \$4,000,000, and \$3,200,000 is owed on the school debt alone, placing the Town in a disadvantageous position. Insurance, fuel, and other costs are increasing, and there are paving and other capital needs to be funded. Costs for the initial annexation of the Fox Run and Windtree subdivisions are upcoming. Several spending cuts had been made in recent years. About half of the loan had been paid back in just a few years and it could be completely eliminated in just a few more with continued accelerated payments.

She said that it doesn't make sense to pay \$150,000 more in interest and still be in a deficit position in the upcoming year. She noted that there are also unanticipated expenses that could be incurred. She said that while no one wants a tax increase, a \$.15 increase per hundred of assessed value is not that significant and would only raise total taxes for a \$100,000 assessed property by \$37.49 per year and \$74.98 for a \$200,000 home. Councilmember Wallace said that the loan would still be paid off early without a tax increase. Vice Mayor Robertson reiterated that that would cost an extra \$150,000. Councilmember Wallace said that that extra cost would be spread over time. Mayor Lusk said that this might be an acceptable short-term solution for at least the upcoming year. Vice Mayor Robertson asked what would then be done for subsequent years. Councilmember Gee said that, though economic conditions are worse now than at the inception of the loan, the Town's financial condition is not as dire as Vice Mayor Robertson believes it to be, and that Councilmember Wallace's motion is reasonable. He said that since the economy is weak, the Town should avoid placing a higher tax burden on citizens. Vice Mayor Robertson reiterated that there are many capital needs and rising costs, and that the sooner the loan is paid off, the sooner funds can be used for other things. Councilmember Gee said that he is comfortable with a \$47,000 deficit coming from the fund balance, noting that the fund balance is very healthy. Vice Mayor Robertson asked what was considered a "healthy" fund balance. Ms. Rogers said that 35% of operating expenditures is required by Town policy, but the Town strives for 50%. She said that with a deficit, it would be around 46-48% by the end of the upcoming year. Vice Mayor Robertson asked about the status of the debt ratio. Councilmember Gee said that it's very good, and that \$3,200,000 of school debt, though it sounds large, is really the only debt, and it has a dedicated revenue stream. Mayor Lusk asked what the total asset value of the Town was, including capital assets. Mr. Johnson said he was unsure. The motion was approved by Mayor Lusk and Councilmembers Gee and Wallace, but rejected by Vice Mayor Robertson. The Council also agreed that the siding project would be reduced to making only necessary repairs.

2. "AN ORDINANCE TO AMEND ORDINANCE NO. 2010-9, ENTITLED THE "FY 2010-2011 BUDGET ORDINANCE," SO AS TO PROVIDE FOR CERTAIN ADDITIONAL REVENUES RECEIVED IN THIS BUDGET

YEAR.” Mayor Lusk moved and Councilmember Gee seconded that the ordinance be approved. The motion passed unanimously.

Special Presentation – Tree City USA

Brian Rucker, Tennessee State Assistant Urban Forester, presented a plaque, flag, and signage on behalf of the National Arbor Day Foundation to the Signal Mountain Tree Board and designated the Town a “Tree City USA.” He reviewed the three year qualification process and congratulated Tree Board Members: Noah Long, Chairman; Barbara Womack, Vice Chairman; Jennifer Boyd, Secretary; Ann Hagood; Earl Rothberger; and Vice Mayor Susan Robertson, Council representative. Noah Long reviewed the importance of the designation for the audience and thanked the Council for its support.

Discussions

Ms. Rogers noted that the second reading and public hearing on the FY 2011-2012 budget ordinance would be held on June 27th.

There being no further business, the meeting was adjourned.


Recorder


Bill Lusk, Mayor