

*****June 27, 2011*****

The Signal Mountain Town Council held a special agenda meeting on Monday, June 27, 2011 at 10:30 a.m. in the Town Hall. Those present were:

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

Others present were:
Town Manager Honna Rogers
Town Attorney Phil Noblett
Town Recorder Mark Johnson
Others (as noted)

The Council opened a public hearing on the FY 2011-2012 budget. The Mayor invited comments from the audience.

Bob Griesinger, Carriage Hill, commended the Council for their hard work on the budget, but disagreed with the previous meeting's vote to avoid a tax increase and instead lower the portion of the tax rate restricted to school debt service. He presented a schedule that detailed the effect of each option, noting that avoiding a tax increase would save the average taxpayer \$104.00 per year, but after factoring in a shortfall of \$109,000 and additional interest for a longer-term payoff of \$150,000, the net savings would be \$23.00 per year, and that reflects the hope that interest rates will not rise from historic lows. He noted that in the last ten years, inflation has increased 2.5% per year and property taxes haven't been raised in that time. He also said that with rising costs, the relatively low rate of inflation would rise. Finally, he noted that Town employees explained to him that the language on the ballot for the vote approving the restricted school tax allowed those funds to somehow be adjusted and used for general purposes. He said that while he doesn't attend every Council meeting, he attends more than most, and he felt certain that the average citizen would think that the rate would not be allowed to be adjusted. He said that people wouldn't appreciate being asked to dedicate money to a purpose and then have that purposed changed by the Council alone. He quoted a Colorado Senator who said, "If you have integrity, nothing else matters. If you don't have integrity, nothing else matters."

Dun Monroe, Cherokee Lane, said he agreed with Mr. Griesinger. He said that the debt should be eliminated as quickly as possible. He also said that if restricted funds are released back into the general budget, they might be used for purposes that aren't critical.

Leanne Dolan, James Boulevard, asked if the Town would allow liquor stores to be established in Town as an alternative to raising property taxes. Vice Mayor Robertson said that that is already allowed. Ms. Dolan asked if this can be advertised to the public, possibly on the website. Mr. Noblett said that the Town is prohibited from taking part in

alcohol sales. Ms. Dolan clarified by saying she only wanted to know if the Town could make known that liquor stores are allowed. Vice Mayor Robertson suggested that Ms. Dolan write a letter explaining such to the *Signal Mountain Community News*.

Ms. Dolan asked if sidewalk maintenance was the responsibility of homeowners living directly in front of sidewalks. Ms. Rogers said that clearing brush was homeowner responsibility, but if it is not being performed, the Public Works department can be contacted. Vice Mayor Robertson said that she would note the issue in the next *Council Notes*.

Mr. Monroe said that he hoped that if taxes were raised, any excess would also go to paying off the school loan. He asked how much principal and interest is required for the loan payment each year. Mr. Johnson said it was somewhere between \$250,000 and \$300,000 dollars. Mr. Monroe asked if that would balance next year's budget. Ms. Rogers said it would, with interest and principal both included.

Ron Galante, Ballard Bluff, said that he read the article by Vice Mayor Robertson on the two options for cutting the deficit, but he couldn't follow the calculation given; i.e., that a nearly 10% increase in the tax rate would equate to \$93.00 more per year. He said that the article stated that the calculation was based on a home with an "assessed value" of \$250,000, which would result in much more than \$93.00. Ms. Rogers explained that if the market value of the home was \$250,000 – with the assessed value being one fourth of that – it would be \$93.00 more per year. However, if \$250,000 were the "assessed" value, it would be four times that amount, or \$375.00. Mr. Galante suggested that that be clarified because some people may think that the effect is one-fourth of what it really is. He said that he wasn't sure if he was for or against the tax increase – he merely wanted to understand it first. He said that in his experience, once a tax rate is set, it never gets reduced. He said that an almost 10% increase would be significant for some people. Vice Mayor Robertson said that her concern was that if an increase is delayed, the Town might fall further and further behind with future deficits.

Mr. Galante asked about the status of Highway 127 paving, noting that he read the anticipated completion date was August 1, 2011. He said that it looked like it was almost finished and therefore wondered if it was to be paved twice. Ms. Rogers explained that previous discussions with TDOT indicated it might be completed near the end of July, but the process was quicker than expected. She said it might be done in the next few days. Mr. Galante suggested that that also be published.

Mr. Galante asked about the conditions of the sewer moratorium. Mayor Lusk explained that the moratorium prohibits any new construction from connecting to the sewer system, but currently, some individuals and organizations are being granted authority to do this under certain conditions. Mr. Galante asked about the status of property inspections by the WWTA that he was told would be occurring soon. Ms. Rogers said that the WWTA has begun this process and homeowners will be contacted before any work is performed.

Mayor Lusk, referring to Mr. Galante's comments about taxes above, said that the portion restricted to the school debt would be eliminated once the loan is repaid. He noted, however, that a future Council might subsequently increase it for another reason. Mr. Galante reiterated that once a budget is set at a certain level, it's difficult to lower it.

Ms. Dolan asked if the tax increase would be committed to a certain timeframe. Ms. Rogers and the Council explained that the rate must be set each year by a certain date according to state law. Mr. Noblett also noted that the County assessor values property each year. Ms. Dolan asked if the revenue effect of the subdivision annexations had been considered. Mayor Lusk said that they had, but there are up-front costs associated with them.

With no further comments, the public hearing was adjourned.

Upon reconvening the agenda session, the following resolution was presented: "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ENTER INTO AN AGREEMENT WITH M & T ON SIGNAL, LLC TO LEASE SPACE TO BE UTILIZED BY THE TOWN OF SIGNAL MOUNTAIN POLICE DEPARTMENT AS A TRAINING FACILITY AT A COST TO THE TOWN OF ONE THOUSAND DOLLARS AND NO/100 (\$1,000.00) ANNUALLY FOR SIXTY (60) MONTHS." Ms. Rogers explained that this will benefit the Town and that the lease payment is based on estimated utilities costs. Councilmember Gee moved and Councilmember Allen seconded that the resolution be approved. The motion passed unanimously.

The following ordinances were presented:

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." Councilmember Gee moved and Councilmember Wallace seconded that the ordinance be approved. Mayor Lusk explained that this ordinance provided for the same property tax rate as in the previous year with a reduction to the portion restricted to high school loan debt service. He noted that he struggled with his previous decision to pass the budget under those terms. The Council

discussed the financial condition of the Town, feedback from citizens, and long-term ramifications of each option. The ordinance was approved by Councilmembers Gee and Wallace, but not approved by Mayor Lusk, Vice Mayor Robertson, and Councilmember Allen. Mayor Lusk moved to amend the ordinance to raise the property tax rate to \$1.66 per \$100 of assessed value and raise the restricted portion to \$.30 from \$.19. Vice Mayor Robertson seconded, and she, Mayor Lusk, and Councilmember Allen approved it. Councilmembers Gee and Wallace did not approve it. Mr. Noblett noted that a final reading would have to be held at the July 11th meeting for final budget passage.

Mayor Lusk moved to operate under a continuation budget until a full budget for the next year is approved. Councilmember Wallace seconded, and the motion passed unanimously.

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 Vice Mayor Robertson seconded that the ordinance be approved. The motion passed unanimously.

Kevin Waters of Johnson Controls gave a presentation on automatic meter reading. He gave a brief history of Johnson Controls and reviewed its service for reviewing utility costs and waste and determining where new meters are needed.

Councilmember Allen exited the meeting.

Ron West of WRUD was present for a discussion of the Town possibly purchasing water from WRUD instead of Tennessee American Water Company. Tenn-American rate increases and backup interconnections with other utilities were discussed.

Loretta Hopper, Public Works Director, was present for an update on TIPS grants. Three options were discussed for the James Blvd paving project – removing railroad tracks completely; temporarily removing, paving, then reinstalling tracks; or temporarily removing tracks and paving with asphalt instead of concrete. A location issue regarding the bike path project was discussed – the originally planned street side for a bike path will be problematic, therefore the other side of the street is being considered. Councilmember Wallace exited the meeting. Ms. Hopper noted that an easement is the only item delaying the James Boulevard sidewalk construction project. Ms. Rogers said the project would be bid out soon.

Barbara Storm, MACC Director, presented a sketch of a proposed mural for the MACC courtyard. Councilmember Gee moved and Vice Mayor Robertson seconded to approve the project. The motion passed unanimously.

Councilmember Gee noted that the purchase of automated meters has been budgeted for FY 2011-2012. He asked if the study on automated meters should be done first. Ms.

Rogers explained that purchasing wouldn't be performed until Spring 2012, thus giving time for a study.

Ms. Rogers gave an update on her research of nuisance ordinances. She noted that sample ordinances from other municipalities were limited. She said that the particular property which has given to an inquiry in previous meetings will be turned over to the Condemnation Board and Police Chief Boyd Veal will speak to the owners to ascertain their plans. She noted that the property was purchased to be demolished. Other specific provisions of the ordinance were discussed.

Ms. Rogers reminded the Council that the Town Hall siding projected is currently planned as a remodeling; however, she said that the newly hired Building Inspector should have a chance to look at the rendering.

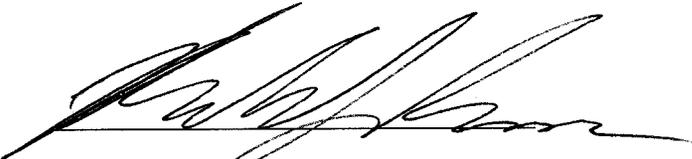
The July 11th regular meeting agenda was discussed as follows:

- Approval of the FY 2011-2012 budget.

With no further business, the meeting was adjourned.



Bill Lusk, Mayor



Recorder