

*****June 18, 2012*****

The Signal Mountain Town Council held its regular monthly meeting on Monday, June 18, 2012, at 6:30 p.m. in the Town Hall. Those present were:

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

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

Mayor Lusk led the pledge of allegiance. Stacey Seals, Fire Chaplain, gave the invocation. The roll was called, with Councilmember Bill Wallace being absent.

Minutes

The minutes for the May 14th regular meeting and special budget session were presented. With no additions, deletions, or corrections, the minutes were approved.

Public Hearing - Budget

The Council temporarily suspended the regular meeting and opened a public hearing regarding the fiscal year 2012-2013 budget.

Ms. Rogers reviewed budget highlights, noting that the property tax rate would remain the same. She said that General Fund revenues are expected to remain level, and expenses are \$476,000 higher than what was budgeted in the current year. She explained that \$300,000 of the increase in expenditures would be related to annexation costs. She also said that there is an expected \$541,000 reduction of General Fund balance; however, the 2011-2012 fiscal year is expected to produce revenues over expenditures of approximately \$170,000, and when factoring out the decline in restricted fund balances, that net revenue figure is actually \$250,000. Ms Rogers also reviewed other items such as the Town's total debt balance, budgeted vehicle replacement fund activity, budgeted capital items, the cost of proposed employee merit-based salary adjustments, etc. In addition, she reviewed the water fund and noted that total budgeted expenses are \$176,000 higher than the current year. She said that \$100,000 is budgeted for an interconnection with WRUD. Also, \$200,000 is budgeted for various water system pressure repairs and \$175,000 is budgeted for new meters for most of the Town. She also reviewed the Stormwater Fund, noting that even with annexation costs, the total budgeted figure is about \$1,000 less than what was budgeted in the prior year, even though one major culvert project is planned at a cost of \$125,000. Finally, she added that the budget reflects increased expenses for planned stormwater education and outreach.

Mayor Lusk asked what percentage the expected June 30, 2013 fund balance would be of expected revenues. Ms. Rogers deferred to Mr. Johnson who said it would probably be somewhere between 65% and 70%.

Councilmember Gee asked about the cost of the new fire hydrants. Ms. Rogers said that it was within the \$300,000 annexation cost noted above. Mayor Lusk asked when the hydrants along Kentucky Avenue would be replaced. Ms. Rogers said that hydrants aren't being replaced there; rather, line repairs are being made.

Mayor Lusk noted that health insurance costs would be lower in 2012-2013 than in the current year. Ms. Rogers said that insurance premiums were an average of 7% lower this year due in part to employees' efforts. Councilmember Gee asked what employees specifically did to affect the rate.. Ms. Rogers said that there were fewer claims in the current year, possibly due to wellness/insurance education. Councilmember Allen asked if there had been fewer accidents in the past year. Ms. Rogers said she wasn't sure as she did not have the data present, but accidents had declined over the last few years.

Councilmember Gee asked what the cost of employee raises was. Ms. Rogers said that the average raise was 2.5%, and the total cost was approximately \$69,000, \$60,000 of which was attributable to the General and Sanitation Funds.

Mayor Lusk invited comments from the audience.

Joe Dumas, James Boulevard, said that a \$541,000 reduction in reserves is troubling, particularly if they are recurring costs, and asked if Ms. Rogers would elaborate on the annexation costs and other capital expenditures. Ms. Rogers said that the annexation costs include fire hydrants, road improvements, an additional police officer, etc. She explained that revenue could not be collected for the first six months after annexation, but would be collected afterward. She also said that the Town is expected to break even in terms of net cost by the 2016-2017 fiscal year. Mr. Dumas said that that seemed like a long time to wait to break even and asked if the properties could be de-annexed. Ms. Rogers said that such a time frame is typical for most annexations. She also said that annexation was the reason the fund balance had been accumulated in recent years. Mr. Dumas said that the residents of the subdivisions obviously weren't anxious to be annexed. Ms. Rogers said that she had received a surprising number of phone calls from subdivision residents in favor of annexation. She also explained that that one noteworthy capital expenditure was \$125,000 for the MACC sprinkler system, and that \$28,000 had been donated toward that purpose. She also noted that the budgeted gym floor would cost approximately \$50,000. Mr. Dumas asked what would happen without the sprinkler system. Ms. Rogers said that the state fire marshal could close the building.

The public hearing was closed and the regular meeting was reconvened.

Citizen Comments

Mayor Lusk invited comments from the audience.

David Dolan, James Boulevard, said that his son is a boy scout and explained that he must complete a report on a Town issue and asked if there were any controversial items that he could use as a topic. He asked if, for instance, there were issues concerning sewer vs. septic system use or the tracks formerly used for the streetcar. Ms. Rogers said that the tracks would be discussed in the future, and she offered to discuss any issues of interest with the scout. Mayor Lusk noted that a grant is in process for the road containing the tracks. Ms. Rogers said that construction would actually be scheduled for 2013-2014, and the Town has already spoken with engineers about the project, but no money can be spent until the state reclassifies James Boulevard as a collector road. Mr. Dolan asked if the Town would consider "static display" streetcars. Ms. Rogers said she had not yet heard of that idea, but several other ideas had been suggested, including whether or not to replace the tracks. She noted that in any case, railroad ties would not be installed for operational use; only for display. Mr. Dolan said that he'd heard of a "Tiger Grant" that was recently received, primarily by New Orleans, and suggested that that may be available.

Mr. Dumas commended the public works department on the recently constructed sidewalk along James Boulevard.

Resolutions

The following resolution was presented:

"A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ENTER INTO A RENEWAL CONTRACT WITH SUN LIFE FINANCIAL INSURANCE COMPANY FOR DENTAL INSURANCE COVERAGE FOR TOWN OF SIGNAL MOUNTAIN EMPLOYEES AT THE RATE OF \$23.34 PER MONTH FOR INDIVIDUAL EMPLOYEES AND \$72.60 PER MONTH FOR EMPLOYEES AND THEIR FAMILIES EFFECTIVE JULY 1, 2012 THROUGH JUNE 30, 2013." Mayor Lusk noted that the cost represents a 6.5% increase from the current year. Councilmember Gee moved and Councilmember Allen seconded that the resolution be approved. The motion passed unanimously.

Ordinances

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 2012-2013 BUDGET ORDINANCE" TO PROVIDE REVENUE FOR THE TOWN OF SIGNAL MOUNTAIN DURING THE FISCAL YEAR BEGINNING JULY 1, 2012 AND ENDING JUNE 30, 2013, 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

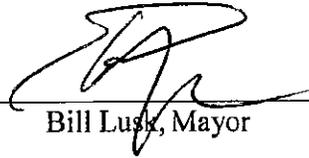
IN THE TOWN OF SIGNAL MOUNTAIN FOR FISCAL YEAR 2012-2013 AND THE TIME TAXES AND PRIVILEGES ARE DUE, HOW THEY SHALL BE PAID, WHEN THEY SHALL BECOME DELINQUENT; AND PROVIDING FOR INTEREST AND PENALTIES ON ALL DELINQUENT TAXES AND PRIVILEGES OWED TO THE TOWN OF SIGNAL MOUNTAIN AND APPROPRIATING SAME TO THE PAYMENT OF THE EXPENSES OF THE MUNICIPAL GOVERNMENT DURING SAID FISCAL YEAR." Mayor Lusk moved and Councilmember Gee seconded that the ordinance be approved. The motion passed unanimously.

2. "AN ORDINANCE TO AMEND ORDINANCE NO. 2011-7, ENTITLED THE "FY 2011-2012 BUDGET ORDINANCE," SO AS TO PROVIDE FOR CERTAIN ADDITIONAL REVENUES RECEIVED IN THIS BUDGET YEAR." Mayor Lusk explained that budgets typically need some form of adjustment each year. Councilmember Allen moved and Vice Mayor Robertson seconded that the ordinance be approved. The motion passed unanimously.

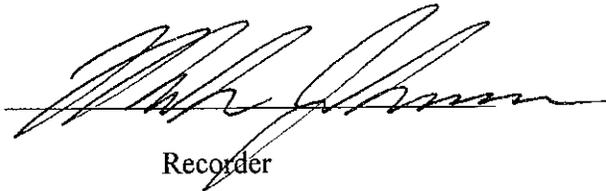
Discussions

Ms. Rogers announced that the fiscal year 2012-2013 budget ordinance would be read for the second time at the June 25th agenda session. Councilmember Allen commended Ms. Rogers and the department heads on their budget work.

There being no further business, the meeting was adjourned.



Bill Lusk, Mayor



Recorder

DATE: JUNE 18, 2012

NAME	ADDRESS
1. Kevin Nichols SMO	326 Cross Creek Dr. Chalk.
2. Chry. Steynw. Job	2114 W. Fairport Rd.
3. Kevin D. Dulan	
4. David D. Dulan	1200 JAMES
5. Ian Dulan	1200 James Blvd
6. Sue Lee	10 Big Rock
7. Joe Dumas	1111 James Blvd.
8. Marshall L.	171 Woodliff Cir
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