

The Signal Mountain Town Council held a worksession on Thursday, April 27, 2017 at 11:00 a.m.

Those present were: Mayor Chris J. Howley  
Councilmember Dick Gee  
Councilmember Dan Landrum  
Councilmember Amy Speak

Others present were: Town Manager Boyd Veal  
Finance Director/Town Recorder Carol White  
See attached list for others present

Mayor Howley led the pledge of allegiance. A moment of silence was observed.

### Discussion

Mayor Howley explained that the Town is facing the toughest financial position than he has seen in the last two years. He said this meeting is to present an overview of the budget process and the current financial situation.

Boyd Veal, Town Manager, reminded the Council of their direction to develop a budget based on current revenue levels, taking into account that the Hall Tax is diminishing, and to not assume any replacement or additional revenue. He said this created a unique situation as far as budget development is concerned.

Mr. Veal then presented various charts showing how Signal Mountain compares financially with neighboring municipalities, relative to where our revenues come from and how we spend those funds (copies attached). Mr. Veal's analysis indicates that Signal Mountain's property tax rate is within a few cents of Red Bank, Soddy Daisy, East Ridge and Collegedale. However, he said, their sales tax collections are considerably greater than Signal Mountain's collections. Mr. Veal informed the Council this indicates these communities have a larger commercial base which is then also assessed at 40% instead of the residential 25% of value for property tax purposes.

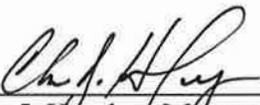
Mr. Veal provided comparisons of the percentage of expenditures by Signal Mountain in relation to other communities in the following categories:

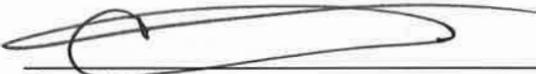
1. General government – He said Signal Mountain is extremely lean in administrative, finance and other general administrative functions of the town in comparison to other communities.
2. Public safety – He showed that Signal Mountain costs are on the lower end of this comparison. He stated that Walden has a volunteer fire department and contracts with the County for police services, and that Collegedale contracts with a volunteer fire department for fire services.
3. Public works – Mr. Veal said this chart indicates that Signal Mountain is on the higher end of associated costs. He explained that the year shown on the chart is one in which Signal Mountain did additional paving and that even with this large expenditure, there is only a 3% difference between Signal Mountain and several of the other communities.
4. Public welfare, culture & recreation – Mr. Veal said that Signal Mountain is in the middle of the range for this category.

Mr. Veal then provided information to the Council showing the Town's General Fund revenue sources. His chart for fiscal year 2017-18 projection indicates revenues of \$5,951,769 which represents a decrease due to: the continued loss of Hall Tax; the end of the .15 cent property tax assigned to the school loan payments; and the exclusion of user fees. He then showed the projected costs for all the core general fund departments exceeds the projected revenue by \$581,701 and with all general fund revenues and expenditures included, revenues will be \$1,910,182 less than expenditures.

The Council had extensive discussions regarding the revenue shortfall and agreed to discuss possible revenue sources the next day during the budget discussions scheduled for the April 28<sup>th</sup> worksession.

There being no further business, the meeting was adjourned.

  
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Chris J. Howley, Mayor

  
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Recorder