Board members present: Mayor Tim Helms

Mayor Pro Tem Otto

 Commissioner Kitty Fouche

Commissioner Jane Alexander

 Commissioner Tom Widmer

 Commissioner Alice Lentz

Board members present via

Zoom: None

Town staff present: Alex Carmichael, Town Administrator

Angie Murphy, Town Clerk

David Arrant, Chief of Police

Barry Creasman, Public Works Director

Darlene Carrasquillo, Finance Officer

Adrienne Isenhower, Zoning Administrator

A few members of the public were present via Zoom. Mayor Helms called the meeting to order at 5:00 p.m., and led the group in the pledge of allegiance and a moment of silence.

**Agenda Approval**

Commissioner Fouche moved to adopt the agenda as presented. Commissioner Alexander seconded and the motion carried 5/0.

**Presentation and Reports**

**Budget Presentation**

Mr. Carmichael began the presentation by saying that revenues are projected to be low in FY 2020-2021. Mr. Carmichael reviewed the numerous sources he utilized to base the revenue projections upon. The Town’s revenues come from a variety of sources. The largest source is real estate taxes which make up approximately 58% of total revenues. Sales, use and personal property taxes make up approximately 27% of total revenues. Mr. Carmichael expects sales, use and property taxes to be down approximately 18% due to the COVID-19 pandemic. Other taxes and fees are also expected to decrease as well. Mr. Carmichael’s presentation stated that between falling revenues and rising expenses, the Town would face an approximate $319,000 gap without bold cost cutting and revenue raising strategies. Mr. Carmichael discussed potential budgeting strategies which included deferring Capital Projects, a Tax Rate increase, Service Cuts and Eliminating Cost of Living/Merit raises to employees. This budget is based on deferring Capital Projects, a Tax Rate increase and Eliminating Cost of Living/Merit raises to employees. Mr. Carmichael went on to say that no new positions will be implemented but the budget does, however, include funds to fill the vacancy when the Sanitation Worker retires. All Capital Projects have been deferred including the Texas Road Pedestrian Bridge, Oklahoma Waterline Project, Oklahoma Road Project, Arbor Lane Bridge Repair, the Chipper Replacement and the sidewalk project between Town Hall and the Greenway. This budget will affect employees as there will be no Cost of Living or Merit raises included. This budget will utilize $265,100 of Fund Balance Appropriation which leaves $80,393 over 35% in the “Rainy Day Fund”. Mr. Carmichael stated that this budget will propose a 2 cent tax rate increase from 0.41 per $100 valuation to 0.43. That increase will generate $50,067 in additional revenue. Montreat has not had a tax increase in eight years. This version of the budget does not include pay cuts for employees.

After a lengthy discussion the Council made the following budget cuts: deferring the $96,000 Financial Software Upgrade, lowered penalties and fees from $4,000 to $1,000, furniture/generator for the new Town Hall will be lowered by $7,000, a culvert project on Texas Road Extension in the amount of $32,850 will be deferred a year, $2,500 will be cut by cutting down sanitation services to one day a week for this summer and $4100 will be cut out by omitting the Oklahoma water project this year. The Council also decided to lower the Landcare Budget down to $1800 shaving off $1,000. It was decided to use the savings of $146,450 from the above cuts to bolster up the fund balance.

**Public Hearing**

The following comments were read aloud by Town Clerk Angie Murphy.

Mr. Philip Arnold of 530 Magill Drive implored the Town Council to not cut employees pay. Mr. Arnold felt the blow to morale would be disproportional in size to the savings to the Town. He also encouraged Council to utter a statement that pay cuts will be one of their last steps in the budget cutting process. He felt that would send a strong message of support to the staff who work with such dedication. Mr. Arnold commended Council for the painful but realistic belt tightening that they were about to undertake.

Martha and Gill Campbell of 149 Maryland Place stated they did not oppose a tax increase from $.41 to $.43 but suggested eliminating Commissioner salaries for 2020-2021. The Campbell’s opposed the proposed salary reductions for the Town of Montreat staff. They feel that the Town budget is a moral statement that reflects the values citizens in Montreat cherish and that people are more important than things.

Mrs. Letta Jean Taylor of 386 Oklahoma Road a series of questions that she posed to Council. Mrs. Taylor wanted to know why there were no scheduled Capital Improvement Projects for the upcoming year. She indicated that the Fund Balance is not a “slush fund” but a savings fund and a Capital Improvement Pan dictates how it should be spent. Mrs. Taylor felt that the Fund Balance is being depleted at an alarming rate and this could create a situation from which it will take decades to recover. Mrs. Taylor stated that a 3% decrease in salaries will save the Town $21,390.21 and the Staff is worth more than that. She indicated several suggestion to avoid this decrease such as moving the old furniture from the old Town Hall to the new Town Hall and adjusting the collection rate to 99% to yield $1,046,465 instead of $1,030,611.

Mr. Mike Sonnenberg of Virginia Road posed several questions to the Council from the budget document. Mr. Sonnenberg wanted to know if there was an expense item for repairing cracks in the roads. He also wanted to know if the water problem in the old Town Hall had been solved.

Mrs. Mary Standaert of 118 Shenandoah Terrace also posed a series of questions to Town Council about figures located in the budget document. She also had some concerns about the Texas Road Bridge. She feels that the bridge has become an “attractive nuisance” and is a lawsuit waiting to happen if someone gets hurt on or around it. Mrs. Standaert felt that the $100,000 needed to repair the bridge, as was presented to Council this Spring, could have been paid for with the $110,000 expenditure for the stone façade on the new Town Hall or it could have been paid for with the $95,000 lawsuit settlement and accompanying $21,000 in attorney fees. It also could have been paid for with the $109,000 net profit from the sale of the second Florida Terrace lot instead this money was used to cover an under-budgeting error of $76,000 in FY 19/20.

Mayor Helms asked Mr. Carmichael to respond to all questions posed to the Council and possibly post to the website.

**Adjournment**

Commissioner Widmer moved to adjourn the meeting. Commissioner Alice Lentz seconded and the motion carried 5/0.

­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Kent Otto, Mayor Pro Tem Angie Murphy, Town Clerk