

Lewisville Town Council
Budget and Action Meeting Minutes
Wednesday, April 15, 2015 - 6:00 p.m.
Town Hall
6510 Shallowford Road - Room 110

1. **Call to Order:**

- a. Mayor Pugh opened the meeting at 6:12 p.m. Council Members present were Robert Greene, Mike Horn, Sandra Mock, Ken Sadler, Ed Smith and Jeff Zenger. Others present were Town Manager Hank Perkins, Assistant Town Manager/Finance Director Kathy Bruce, Planner Marty Myers, Public Information Officer/Event Supervisor Lynn Hall, and Town Clerk Joyce Walker.
- b. Adoption of Agenda
 - i. Council Member Smith moved to approve the agenda as amended. The motion was seconded by Council Member Zenger and approved unanimously.

2. **Budget Review**

- a. General discussion
 - i. Town Manager Hank Perkins read the Budget Message as follows:

Subject: FY 15-16 Budget Message

Honorable Council:

Executive Summary

As Town Manager, I am pleased to present the proposed General Fund budget of \$4,112,420.00 for fiscal year 2015-2016. The budget as proposed includes maintaining the current tax rate of 17.7 cents per \$100 of valuation. This budget shows an increase in the General Fund from the previous year budget, as adopted for July 1st, 2014, of \$166,790 or 4.20%. This budget as proposed is balanced with \$93,340.00 in fund balance from the General Fund. This fund balance appropriation represents an additional principal payment against the town's long term debt for the construction of the Town Hall and is not a recurring operational cost. This will be the second year in a row that the Town will have made such an extra payment against this debt. This extra payment should save the Town approximately \$17,000.00 in interest.

The tax base for the Town, as of March 12, 2015 was \$1,213,542,004.00 producing an estimated Ad Valorem tax revenue of \$2,083,530.00 with one cent on the tax rate equaling \$117,714.00.

The Town of Lewisville also collects a levy for a municipal service district, the proposed tax rate for this district for fiscal year 2015-2016 is 4.5 cents per \$100 of valuation. This tax is recommended to be lowered by a half cent over the current tax rate of 5 cents per \$100 of valuation.

Once again, in the face of a challenging economic environment; the Town Council has been diligent and used sound financial planning to continue its commitment to the citizens of Lewisville to provide the highest standard of services. They have done this while maintaining a level of fund balance to secure future funding

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opportunities. The unrestricted fund balance was \$4,537,398.00 as of June 30, 2014. This represents a fund balance at approximately 103.3% based on the projected upcoming fiscal year budget for 2015-2016.

Last year, the General Assembly passed legislation, HB 998, that drastically changed tax structure in North Carolina for both income tax and sales taxes. The bill made reductions in the overall personal income tax revenues to be paid by North Carolinians. These reductions were to be offset by increasing income through sales taxes. For the most part, sales tax rates were not affected. But changes to sales taxes collected on electricity and natural gas, along with an increase in the overall number of items for which North Carolinians are subject to pay sales taxes, yielded projected increases in local government revenues. At least in Lewisville's case, the Town has seen increases in sales tax revenues in the current year over the previous fiscal year. And sales taxes are projected to rise again for Fiscal Year 2015-2016. Piped natural gas is the only tax where the anticipated increases were not realized. In fact, revenues are down in the current year and are not anticipated to grow in the immediate future. These increases in sales tax are probably due to a combination of the affect of HB 998 and an overall improvement in the local economy.

Town Services

The Town of Lewisville stays committed to the continuation of all of its existing services for the upcoming fiscal year to include, parks and recreation, financial administration, administration, planning and zoning, public works, residential garbage and recycling, storm water management and community policing, and beautification. All services are proposed to continue at current service delivery levels for the upcoming fiscal year.

Utilities

At the beginning of the fiscal year in July of 2014, the Town of Lewisville signed its first services agreement with City-County Utilities of Winston-Salem and Forsyth County. Since the incorporation of the Town in 1991, the Town had not had such an agreement with CCUC. Up until July of 2014, Lewisville and its citizens had been treated as though they were still in unincorporated areas of the County.

The agreement brought the Town the ability to participate in the overall growth of the water and sewer utility system in the Town. More importantly, it created a "vehicle" for the Town to expand its public sewer system in the future to areas of the Town that currently have no sewer system. As a part of the arrangement, the Town has a capital reserve account, held in trust by CCUC, that will help the Town financially to expand its sewer system. This reserve account is expected to grow to over \$600,000.00 by the end of the current fiscal year.

In the upcoming fiscal year, the Town is planning to engage in master planning for the future expansion of sewer systems in town.

Capital Reserve Funds

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As we all know, the town has a number of capital reserve funds. Currently, annual appropriations to all of these funds total \$275,000.00.

The Town is involved with future transportation planning for the Great Wagon Road (GWR). The GWR represents a commitment by the Town to invest in its own future by providing for areas of planned commercial expansion as well as mitigation for future traffic increases through the core of the town in the future. In the past, the Town has invested in this endeavor by engaging in right of way acquisition and planning activities. The Town's appropriation to the capital reserve account for the Great Wagon Road is proposed to be increased in this budget by \$25,000. This would increase the contribution from \$100,000 to \$125,000.

Funding for the capital reserves is proposed as follows:

Stormwater Capital Reserve	\$25,000
Great Wagon Road Right-of-Way Capital Reserve	\$125,000
Sidewalks/Bikepaths/Greenways Capital Reserve	\$25,000
Municipal Buildings/Land Capital Reserve Total	<u>\$100,000</u>
	\$275,000

Capital Projects

The Capital Projects that remain in the budget including Fiscal Year 2015-2016 are as follows:

Active Projects: Shallowford Road/Williams Road Roundabout
 Lewisville-Vienna Sidewalk Project
 Great Wagon Road Development, Design, Construction
 Stormwater Repairs
 Capital Project -Harper Road Lift Station

Non-Active Projects: JWP Maint. Facility/Playground Expansion

This budget reflects the desire of Council to address the needs of the Town, while being cognizant of economic conditions. Choices made in expenditures were done to meet the priorities and goals of the Council established during the retreat process and discussions at Council meetings over the past year. During the next few weeks, the Council will meet to deliberate the proposal set forth, and make adjustments as needed.

I would like to thank the staff for their assistance with the development of this budget and the Town Council for their continued guidance and support. Final adoption of the budget is scheduled for the Council meeting in June.

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If I may be of any assistance, please feel free to contact me.

Sincerely,
William H. Perkins, Jr.
Town Manager

- b. Revenues
 - i. Ms. Bruce advised Council that she uses both figures from the NC League as well as trends from the area for calculations. She noted that the State had changed distribution methods and at least one year was needed to see a trend.
 - ii. The following revenues were reviewed:
 - (1) General Fund
 - (2) Willow Run Municipal Service District
 - (a) The MSD Board recommends reducing the tax from 5¢ to 4.5¢ per \$100 of valuation.
 - (3) Stormwater Capital Reserve
 - (4) Great Wagon Road (GWR) ROW/Construction Capital Reserve
 - (5) Capital Reserve Sidewalks/Bikepaths/Greenways
 - (6) Municipal Buildings/Land Capital Reserve
 - (7) Greenways Capital Reserve
- c. Department Reviews
 - i. Governing Body
 - (1) Mr. Perkins advised Council that funds had been added for a facilitator for the retreat so that long term goal setting for the future could be visualized.
 - (2) No change.
 - ii. Administration
 - (1) New to the budget is a 70" smart board to be used for meetings for Council as well as the boards and committees
 - (2) No COLA has been included in this budget. Merit is included as part of an evaluation tool and can be given at 0-5%. The manager mentioned that it was the Town's understanding that our health insurance plan was "grandfathered" fro another year and not subject to the volatile renewal rates currently being experienced under the ACA. This status is contingent on not changing the plan benefits.
 - (3) No change.
 - iii. Debt Service
 - (1) No change.
 - iv. Planning and Zoning
 - (1) No change.

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- v. Beautification
 - (1) Staff is to check with the Department of Transportation about landscaping the Shallowford Road traffic circle.
 - (2) Mr. Perkins advised Council that Mr. Moser asked to change his original request for Leland Cypress trees to be planted at the circle to lower growing plants. This can be accommodated at the same price.
 - (3) No change.
- vi. Community Policing
 - (1) No change.
- vii. Public Safety
 - (1) No change.
- viii. Solid Waste
 - (1) No Change.
- ix. Recycling
 - (1) Council added \$1,000 to Travel and Training.

3. Adjournment

- a. Council Member Sadler advised that he will not be able to attend the meeting on the 22nd.
- b. Having no other business to discuss, Council Member Zenger moved to adjourn the meeting at 8:45 p.m. The motion was seconded by Council Member Smith and approved unanimously.

Dan R. Pugh,
Mayor

ATTEST:

Joyce C. McWilliams Walker
Town Clerk