

**MINUTES**  
**BEECH MOUNTAIN TOWN COUNCIL**  
**Budget Meeting – June 17, 2010**

**I. CALL TO ORDER**

Mayor Rick Owen called the regular meeting of the Beech Mountain Town Council to order at 6:04 p.m., Thursday, June 17, 2010 in the Town Hall Council Chambers. Other Council members present were Paul Piquet, Rick Miller, Alan Holcombe and Cindy Keller. Staff members present were Town Manager Randy Feierabend; Finance Officer Nancy Johnson, Town Clerk Jennifer Broderick, Utilities Director Robert Heaton, Public Works Director Riley Hatch and Recreation Director Eric Jelinski. There were a number of interested parties in the audience.

**II. Budget Discussion – Fiscal Year 2010 – 2010** – Mayor Owen stated that the purpose of the meeting was to continue with discussion on the budget. Mayor Owen indicated that discussion was to begin with road maintenance.

**Line Item 271 Contract Services** - Manager Feierabend informed Council that the Town had been unable to stripe the roads because the paint supply had run out nationally and was on back order. Councilman Miller stated he was interested in the Town purchasing the equipment to take care of this process internally. The cost to stripe the roads is approximately \$26,000 which is roughly half the cost of purchasing the equipment. Mayor Owen pointed out that the Town would still need someone to run the equipment and would still have to purchase paint. Councilwoman Keller stated that the Town would also be responsible for fixing the equipment and storage. Councilman Miller asserted the Town would be able to stripe multiple times. Mayor Owen instructed staff to find out the cost of the paint. Manager Feierabend stated that the paint cost ranged from \$.06 - \$.10 cents a foot. Public Works Director, Riley Hatch, stated that most roads have 4 stripes.

**Line Item 278 Debt (Principal)** – Councilman Miller thought the Motor Grader Loan was paid off. Mayor Owen explained that parts of the equipment were still being paid for. Public Works Director, Riley Hatch, stated the Grader, Backhoe and Skid Steer were purchased at the same time. Councilman Miller stated that he thought the \$.04 cents increase in taxes two years ago was so that the Town could pay this off in cash. Mayor Owen stated that more equipment was purchased. Councilman Miller inquired how much more the Town was going to have to pay. Mayor Owen stated that \$189,000 more is still owed on that loan and recommended that Council review the debt schedule after reviewing the whole budget.

**Line Item 276 Culvert Replacement** – Councilwoman Keller wondered why this line item for culvert replacement was being reduced. Public Works Director, Riley Hatch, stated that in the past culverts were used that were not coated so they rusted out. Mr. Hatch explained that the Town is currently using culverts that are coated to prevent rust out so they do not need to be replaced as frequently. Councilwoman Keller stated there has been multiple complaints with regards to water flow and culvert replacement. Manager Feierabend advised that there was additional monies in Line Item 276 – Resurfacing should there be a need to purchase more culverts than what was currently budgeted. Councilwoman Keller pointed out her concern regarding erosion. Mr. Hatch added that the Town had a stockpile of new culverts as well.

***Line Item 277 Resurfacing*** – Mayor Owen stated that resurfacing needs to be a focus of this Council. The goal originally was to resurface two miles of the Town's 20 miles of paved road every year so that each road would be taken care of every ten years. Councilman Miller felt that \$180,000 was not enough to upkeep the Town's roads stating that the Town needs to protect its investment. Manager Feierabend explained that resurfacing ran about \$40 - \$45 a foot. Councilman Miller stated he wanted Line Item 276 increased. Mayor Owen and Councilwoman Keller agreed with Councilman Miller. Staff was instructed to find this money by next Thursday.

Mayor Owen confirmed with Public Works Director, Riley Hatch, that there were no other stabilization projects that the Town should be focusing on besides what was being budgeted.

***Line Item 318 Capital Outlay*** – Vice Mayor Piquet requested that this line item be reduced from \$50,000 to \$20,000 stating that both the generator and showers were important but that the Town did need to prioritize. Vice Mayor Piquet suggested that the \$20,000 should be used to purchase a small generator. The remainder \$30,000 should be moved to Line Item 319 thus creating extra money for the maintenance reserve fund. Vice Mayor Piquet felt that building this fund up was important since the Town could be facing potential costs in the future. If it turned out that this money was not needed then it would still be available for other use. Staff was instructed to make these changes.

Councilwoman Keller requested staff to provide the prior year actual figures not just the budget amount.

***Line Item 290 Telephone*** – Councilwoman Keller felt the phone bill was too expensive. Staff explained that the Recreation Building's security and fire alarm had separate dedicated phone lines. In addition there were two outdoor phones located at the Picnic Shelter and at Lake Coffey. The phones are set up to only allow the public to dial local numbers. Extension phones cost additional monies as well.

Councilwoman Keller asked if user fees would be going up at the Recreation Center. Recreation Director, Eric Jelinski, stated that at the moment a fee increase was not being considered. Councilwoman Keller stated that the Tourism Development Authority was suffering for money and that a fee increase was necessary. Mayor Owen and Vice Mayor Piquet stated that they were not interested in the fees being increased explaining that the Recreation Center was not built to pay for itself but that it was built to be an attribute for the community. Councilwoman Keller asked how the Recreation Center's fees compared to the YMCA in Linville. Mr. Jelinski stated that the Town was cheaper however he has worked for Parks and Recreation Centers where there were no fees. Councilwoman Keller still wanted there to be an increase each year stating that the Town should at least take into consideration inflation. Mayor Owen instructed Mr. Jelinski to discuss this issue with the Recreation Committee. Mayor Owen stated that perhaps the fees should be revisited since the customer was now getting more value for their money than they were when the building opened.

Mr. Jelinski requested that the \$7,500 that was brought in from the Cool 5 be moved into a special line item for a project of the Recreation Committee's choosing. Mayor Owen stated that the money could be set aside and then the Recreation Committee could make a recommendation to Council of

how they would like to spend those funds with the Council making the final decision. Currently there is no line item for this so a line item would have to be added. Manager Feierabend stated that his recommendation was to keep this money in the General Fund. Mayor Owen felt that separating these funds would not make it look like the Council was giving more money to the Recreation Center. Councilman Miller wished to see a separate line item in order to keep track of these funds. Vice Mayor Piquet felt that the revenue budgeted could be increased believing that the Recreation Center would bring in more revenue this fiscal year. Staff was instructed to create an additional line item for the \$7,500.

***Line Item 47 Metered Sales*** – Manager Feierabend explained that the prior year budget was based on a rate increase for water and sewer which did not occur until January 1, 2010 but had been anticipated to occur closer to the start of the fiscal year.

Councilwoman Keller asked if the leak detectors had been included in the proposed budget. Public Utilities Director, Robert Heaton, stated that eight to ten were budgeted for. Mr. Heaton advised Council that the Town should see how the apparatus work for the Town before investing too heavily. Manager Feierabend stated that the Town was also considering making this purchase part of the loan that the Town took out for the radio meter project. Councilman Miller and Vice Mayor Piquet both thought the Town should borrow 100% of the money with interest rates being so low.

***Wastewater Department*** – Manager Feierabend stated that the State had required that the Town hire an additional employee for the Sewer plant.

Councilwoman Keller asked if it was budgeted to fix the lids on the water tanks that are unable to be lifted up. Public Utilities Director, Robert Heaton, stated that in five to six years the Town will start looking into this. Manager Feierabend stated that this would be included in the process that Marion Rothrock was taking care of for the Town. Manager Feierabend stated that water and sewer rates could still be increasing over the next two years based on the master plan that Mr. Rothrock presents Council. Mr. Heaton informed Council that State agencies are asking for the Town's Capital Improvement Plan. Mr. Heaton further explained that the Environmental Protection Agency wants all utilities to be self sufficient. This requirement is the reason why the State is moving forward with their laws pertaining to utilities being self sufficient. Manager Feierabend stated that the Capital Improvement Plan would be presented in the spring. Mayor Owen instructed staff to have Mr. Rothrock give periodic information to Council on where he was at with the study.

***Line Item 410 Hydrant Repairs*** – Public Utilities Director, Robert Heaton, advised that this was for fire hydrant testing. The Town's Fire Department takes care of the testing. Councilwoman Keller wanted to know if these monies were going to the Volunteer Fire Department or the staff Fire Department. Public Works Director, Riley Hatch, advised that the Town pays the Volunteer Fire Department because they are the ones who complete the testing of the hydrants as well as painting the hydrants.

***Line Item 418 Capital Outlay*** – Mayor Owen wanted to know if this was an estimate. Public Utilities Director, Robert Heaton, stated that this was included in case the Town did not replace the meters through the contract. Councilman Miller pointed out that the first payment could be made with the money. Currently Line Item 347 is for the loans. Finance Officer, Nancy Johnson stated she would move this line item. Mayor Owen felt that the \$50,000 needed to be

moved into the reserve if this money was not dedicated for anything. Staff was instructed to look into this.

***Line Item 438 Contract Services*** – Councilman Miller asked if the Town was still using GDS. Public Works Director, Riley Hatch, stated that the Town did retain their services for the recycling center as well as for two clients still use the front load dumpsters.

***Police Department Console*** – Mayor Owen asked Public Works Director Riley Hatch to explain the \$40,000 going towards the radio console. Mr. Hatch stated that anything going into the center for 911 can be used but anything being broadcasted out has to be paid for by the Town and cannot be paid for with 911 monies. There are a total of 8 radios that come into the Town's radio console. Mayor Owen did not feel that this line item needed to be lowered.

Mayor Owen instructed everyone to take a short break at 8:07 p.m. Mayor Owen reconvened the meeting at 8:18 p.m.

***Loan Proposals*** – Mayor Owen instructed Council that they needed to consider what their decision was going to be with regards to what type of loan the Town would obtain for the radio read meter project. Councilwoman Keller wanted the Town to put at least 10% down. The rest of Council felt that the Town should obtain a loan for the full amount of the project. Mayor Owen instructed Council that they needed to make a decision on a 10 year or 15 year loan. Councilman Miller felt that the Town should take the 15 year loan with the idea being that the Town could pay the loan off quicker than the 15 year period. Vice Mayor Piquet stated that the Town would get a better interest rate on the 10 year loan stating that the 10 year loan could be locked in at 3.82% and the 15 year loan could be locked in at 4.52%. Finance Officer, Nancy Johnson reminded Council that the interest rates changed daily. Manager Feierabend stated that Council should take into consideration what the Town was financing, reminding Council that the product is only warranted for 20 years. Manager Feierabend stated that staff was recommending the 10 year loan because of the warranty period. The warranty only covers the batteries for the meters and it only covers 100% replacement cost for the first 10 years after that the next 10 years is prorated accordingly. Vice Mayor Piquet motioned that the Town finance the \$950,000 loan for 10 years at the lowest possible rate. Councilman Holcombe seconded the motion and the vote passed unanimously.

***TDA Letter from Charlie Burleson*** – Councilwoman Keller stated that Peggy Coscia would not be leaving her position until after October. Councilman Holcombe wanted Charlie Burleson to attend the meeting and inform Council in detail about this request. Mayor Owen instructed staff to invite Mr. Burleson to the next meeting date that this meeting was recessed to.

Manager Feierabend asked Council if they wanted Mrs. Veazey to attend the upcoming meeting. Councilman Miller stated that he would like to see Mrs. Veazey show up for this meeting.

***III. Recessed*** – Councilman Miller motioned to recess the meeting at 8:41 p.m. until Monday June 21, 2010 6:00 p.m. Councilman Holcombe seconded the motion and the vote passed unanimously.

***IV. Reconvened*** – Mayor Rick Owen reconvened the budget meeting of the Beech Mountain Town Council on June 21, 2010 at 6:11 p.m. in the Town Hall Council Chambers. Other Council

Members present were Paul Piquet, Rick Miller, Alan Holcombe and Cindy Keller. Staff members present were Town Manager Randy Feierabend; Finance Officer Nancy Johnson and Town Clerk Jennifer Broderick. There were a number of interested parties in the audience.

Vice Mayor Piquet motioned to reconvene the budget meeting from June 17, 2010. Councilman Miller seconded the motion and the motion passed unanimously.

**V. Budget Discussion – Fiscal Year 2010 – 2010** - Mayor Owen stated that the purpose of this meeting was to discuss the classification pay study.

**Class Specifications** – Vice Mayor Piquet felt that the Public Works Director position and the Public Utilities Director position should have an equal grade level. The study showed the Public Utilities Director at a higher grade level of 21. Councilman Holcombe concurred with Vice Mayor Piquet. Councilman Miller felt that the Public Utilities Director had more certifications and this was why the position was a grade level higher. Mayor Owen reminded Council that they needed to focus on the specification and not the individual in the position.

Manager Feierabend stated that the Utility Clerk, Tax Administrator, Public Works Administrative Assistant and the Parks and Recreation Administrative Assistant were the only positions that the study moved down in pay grade. Manager Feierabend felt that the Tax Administrator change in grade was unjustified. Manager Feierabend also felt that that Administrative Assistants for both Public Works and the Recreation Center should be a grade 11. Manager Feierabend stated that he believes in supporting the staff and getting talented people on at Beech Mountain. Vice Mayor Piquet stated that he would not like to see employees dropped down from their current grade level. Mayor Owen stated that if the employee is not topped out at the lower grade level then the employee is not really suffering because there is still potential for growth. Vice Mayor Piquet wanted Council to adopt the class specifications with the exception of leaving the positions that were lowered at their current grade level. Manager Feierabend recommended the following changes to the classification study:

Tax Administrator – Change from Grade 15 to Grade 16

Public Works Director – Change from Grade 20 to Grade 21

Public Works Administrative Assistant – Change from Grade 10 to Grade 11

Recreation Administrative Assistant – Change from Grade 10 to Grade 11

Vice Mayor Piquet motioned to approve the new classification plan with the four afore mentioned changes. Councilman Holcombe motioned to second and the vote passed unanimously.

**Pay Scales to go with the Grades** – Vice Mayor Piquet summarized that Manager Feierabend and staff had already included Option I of the study in the budget pointing out that this option was the cheaper option of the two. Manager Feierabend stated that Option II is still based upon the pay scale but 4% more into it. Councilwoman Keller asked if accepting Option I was going to take the employees into the 50% pay scale. Councilman Miller stated that the Town was currently at 40% and that this recommendation was to go to the 50% pay scale. Councilwoman Keller ventured on to say that she did not agree with all of the comparable sites that were used to generate the figures for the pay study. Councilwoman Keller wondered why, for example, Sugar, Seven Devils or Johnson City were not used as comparables. Councilwoman Keller stated that

those are the areas where our job market is being derived from primarily. Mayor Owen stated the comparables used had more similarity with regards to the number of jobs, the number of employees and job descriptions. Manager Feierabend stated that the MAPS Group did not use Sugar because they did not respond to their questionnaires. Manager Feierabend pointed out that Seven Devils was not used because the manager sets the salaries and that Newland was not used because it was not viewed as a resort community. Vice Mayor Piquet moved to go with the staff recommended pay scale of Option I. Councilman Holcombe seconded the motion and it passed unanimously.

Manager Feierabend stated that along with the Option I staff was proposing the additional \$500 for those employees not receiving a raise. Vice Mayor Piquet motioned to add the \$500 incentive to those not receiving a raise through Option I of the pay study. Councilman Holcombe seconded the motion and the vote passed unanimously with no further discussion.

Manager Feierabend brought up the issue of employee longevity. Staff had budgeted for longevity pay the way that MAPS Group had recommended which was based on years of service. Manager Feierabend stated paying longevity this way meant that it would not have any relationship to an employee's salary and that the cost to the Town is about the same. Vice Mayor Piquet motioned to accept the longevity plan. Councilman Holcombe seconded motion and the vote passed unanimously.

Manager Feierabend stated that as a result of the study there would be no cost of living increase and no merit increase for employees. Councilman Miller stated that for next year's budget he would like to go back to the merit raises because all employees are not performing well. Councilman Miller felt that the Town should only reward those employees that are performing well. Mayor Owen stated that merit pay is a good policy when it is administered properly.

Since Charlie Burleson was not present Council decided not to discuss the TDA's request.

Councilwoman Keller wondered where staff was with collecting back taxes. Manager Feierabend stated that staff was doing an excellent job collecting. Councilwoman Keller inquired what the difference in the budget would be if the budget was based off a 95% collection rate versus a 96% collection rate. Manager Feierabend stated it would drop the budget by approximately \$80,000. Councilwoman Keller felt the budget could be cut by \$80,000.

**VI. Adjourn** – Vice Mayor Piquet motioned to adjourn the meeting at 7:06 p.m. Councilman Holcombe seconded the motion to adjourn and the vote passed unanimously.

Minutes approved by Town Council on \_\_\_\_\_, 2010.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk