

Renee D. Castiglione  
Renee D. Castiglione, Mayor

ATTEST:

Steve Smith

Steve Smith  
Deputy Town Clerk



selling the garbage trucks and that depending on how the recycling centers are set up there could be additional equipment needs. Councilman Abernethy asked if there was any competition for contracting for garbage service or if Republic Service was the only provider. Manager Holloman stated that GDS and Republic Services have defined areas. Council discussed the issue with having garbage from two counties. Manger Holloman stated that Republic Service has contracts with both counties. Manager Holloman reviewed the special fund for Dog Park contributions explaining that this fund can have other items, such as sold police t-shirt sales. Also the Director of Tourism and Economic Development has requested a future remodeling of the public bathrooms. Manager Holloman stated that staff is considering combining the Visitor's Center and Town Hall. Manager Holloman stated that the cost of paving Buckeye Road has increased to \$2,700,000.

Mr. Royall reviewed the fire alarm system. It has issues with sending out trouble alarms when there is no problem. There have been two refurbished models put in. The town did not pay for the first refurbished model because it did not work. Mr. Royall stated that the real cost with looking at going with a different company is that the sprinkler system would also more than likely have to be replaced. Councilman Marquardt questioned where the money for the salt building was in the budget. Manager Holloman stated that the building was being designed now and is not accounted for in the budget. Councilman Marquardt questioned what Council's intention was if there was no salt building in place. Manager Holloman stated that the town will have to make a salt purchase for August 2018. Councilman Abernethy questioned the life expectancy of the building. Mr. Heaton stated that the life expectancy is twenty-five years. Councilman Abernethy questioned the difference of the metal roof and the round roofs you see. Mr. Heaton stated that the difference was the 130-mile an hour wind load.

The 2018-2019 fiscal year draft budget presentation is incorporated Exhibit E and incorporated by reference as if fully set out within these minutes.

**VIII. 2018-2019 FY Budget Discussion** – Budget discussion was held during the presentation.

**IX. Adjourn** – Upon motion by Councilman Sauer, seconded by Councilman Abernethy, the Council voted unanimously to adjourn at 12:33 p.m.

Minutes approved by Town Council on May 8, 2018.

pick up the majority of the inspections. John Merritt will become a part time employee for the town. The town will keep Mr. Merritt's licenses active for several years following his retirement. Manager Holloman stated that there is funding for a couple of interns at \$9.00 an hour. The budget has a new plotter and copier. Vice Mayor Kaufman pointed out that these items could be leased.

Manager Holloman reviewed the debt schedule and then the resurfacing. There is \$175,000 budgeted for paving. Skiway Circle needs paving as does Cricket Way. Mayor Castiglione questioned the gravel on the roads. Mr. Heaton stated that the roads are stabilized and that staff is looking at some different ways to evaluate before proceeding in a direction. Vice Mayor Kaufman questioned if the town had a street sweeper. Mr. Heaton stated that the town did and that it was approximately 20 years old. Mr. Heaton stated that the plan is to rent one sweeper attachment to see how it works before purchasing. Vice Mayor Kaufman asked if there is a spreader for the salt. Mr. Heaton stated yes, that the town has two. Manager Holloman reviewed the Recreation Department next. Manager Holloman stated that \$150,000 for the Parks and Recreation Trust Fund Grant will be removed. If the town is a recipient of the grant staff will request a budget amendment. Parks and Recreation Director stated that staff did receive a new equipment quote that included more items than originally requested and that the town received a discount. The cost for the budgeted truck has gone down so that there is an overall dollar decrease in the budget for Capital Improvement Plan. Councilman Abernethy stated that the salesman and another individual from the equipment company live here on the mountain. Council discussed adding video equipment to the meeting room at Buckeye Recreation Center and requested a quote added to the proposed budget. Mr. Royall requested that the projector equipment be retractable.

Manager Holloman moved onto reviewing utilities. Mayor Castiglione questioned the increase in dollars for training. Mr. Heaton stated that the costs of classes have increased some and that the other departments under his supervision outside of water and sewer were also now attending classes. Mr. Heaton reviewed the generator and pump replacement requests. Ashwood and Millpond are the two major pumps on the mountain. The pumps at these locations have been in since 1984. If we lose these pumps we would lose eighty-percent of the water supply to the town. Mr. Heaton stated that the hydrant replacement, meter replacement, and I&I work continues annually. Most of the I&I is manhole repair. Last year some of the lines on the trails were repaired.

Mayor Castiglione questioned if the town did away with curbside if there would be equipment needs. Manger Holloman stated that the town would be

159.11(e) requires each taxing unit to publish a revenue neutral tax rate as part of its budget for the fiscal year following revaluation. Avery County represents approximately 13 to 14% of the town's total valuation. The calculation was reviewed with Council. Manager Holloman reviewed the budget. Manager Holloman pointed out two major differences. One was in Administration 10.410-9100 to transfer \$150,000 for to the Water/Sewer Fund. The other was for a \$5,000 contribution to the Historical Society. Normally the town provides \$1,000. This is a one-time request. Vice Mayor Kaufman questioned the increase in Christmas Lights. Manager Holloman stated that the TDA does fund the smaller lights. The town is looking to upgrade with some higher quality lights. Vice Mayor Kaufman questioned contracting out. Mayor Castiglione stated the town contracted out for installation of Christmas lights a couple of years ago and that this was a disaster. Manager Holloman reviewed the Capital Outlay. The Tax Administrator position has been combined with the Utility Clerk position. Mr. Smith stated that the State Treasurer has not provided the final retirement numbers but that these usually do not fluctuate more than a quarter of a one percent.

Discussion moved to capital expenditures in the Police Department. Vice Mayor Kaufman asked if the radar records the number of people that are speeding and what other features the software provides. Police Chief Barnett stated that the software does have the ability to record the number of speeders along with date, time, and other information.

Manager Holloman pointed out that individual computers would not show up on Capital Outlay. Capital Outlay typically reflects those items that are \$5,000 or more.

The quick response vehicle. Mayor Castiglione questioned the part time position in the Fire Department. Fire Chief Bob Pudney stated that it is challenging to find someone qualified or a part time employee. Vice Mayor Kaufman questioned the disbanded Drug Force Task Force. Police Chief Barnett stated that this was a program that local governing agencies participated in funding the Drug Task Force. Police Chief Barnett stated that the town does have mutual aid agreements in place with Watauga County and the Town of Boone. Councilman Marquardt questioned the 4 police vehicles that were purchased in 2017. Vice Mayor Kaufman stated that Council approved the purchase of two more after the initial purchase of two because a special price was offered.

Manager Holloman moved discussion to the Building department and stated that the Building Codes Administrator is leaving in 1 year. The budget includes a full time Administrative Assistant. The Town Planner is going to

Robert Heaton clarified pump expenses for Ashwood and Mill Pond that the town is paying approximately \$150,000 for these pumps. By spending another \$150,000 it saves the town a lot of money over the next 20 years. Mr. Schepers stated that the I&I is being looked at and incorporated as engineers are able to review projects for costs.

Mr. Schepers reviewed the rate adjustment numbers. Mr. Schepers stated that these numbers do include inflation for the fiscal year 2019. Mr. Schepers clarified that the rates can be adjusted as Council desires. The percentages allow good communication with the town's customers about rate changes. Another rule of thumb is that you should be paying off 20 percent of your debt service every ten years. Mr. Schepers stated that you are under that today. Mr. Schepers reviewed settling debt and the economy of scale for the interest you pay on the dollars the town borrows. Councilman Abernethy asked why the Water Intake was not plugged in as a point of reference. Mr. Schepers stated that this can be added. Manager Holloman stated that staff has discussed adding this in. This will probably be \$1 extra charge every year for five years. Manager Holloman stated that staff is also working towards funding the project through other funding mechanism. Manager Holloman stated that a more realistic goal would be to include approximately 1/3 of the cost of the project in the rate schedule. Manager Holloman stated the proposed budget this year has a \$2.50 increase for water, with \$1.00 going towards the Watauga Intake Project, and \$1.50 increase for sewer. Mr. Gsteiger questioned growth in meters. Mr. Heaton stated that right now staff is not including this figure. Manager Holloman stated that Mr. Schepers would be presenting information to the community at the Town Hall Meeting scheduled June 25, 2018.

The Beech Mountain Water and Sewer Utility Rate Review Analysis is attached as Exhibit D and incorporated by reference as if fully set out within these minutes.

Mayor Castiglione stated that Council would take a 5-minute break at 11:12 a.m.

Mayor Castiglione reconvened the meeting at 11:21 a.m.

***Public Presentation of the 2018-2019 FY Budget*** – Manager Tim Holloman stated that the presentation and budget would be available online tomorrow. Mr. Holloman reviewed the tax base and rate. There was no request for change this year. Finance Officer Steve Smith stated that Avery County 17% for 10.5 million dollars roughly. North Carolina General Statute

employee's participate more. Councilman Abernethy stated that he did not like to vote on anything that he was not educated on. Vice Mayor Kaufman questioned if employee's had to have references to see a specialist. Mr. Tucker stated that they can see any specialist without seeing a primary doctor. Councilman Abernethy questioned the plan design numbers and the employee and employer shared costs. Ms. Broderick stated that the 2017 claims were run through this proposed Plan Design and that with this Plan Design the employee paid approximately \$32,000 more in unfixed costs.

Hearing no more discussion Mayor Castiglione called for the vote. Vice Mayor Kaufman motioned to approved the self-funded plan with the reference based pricing component and the plan design presented. Councilman Sauer seconded the motion. The vote passed unanimously.

Manager Holloman discussed group dental and life insurance. Both products were offered through the North Carolina League of Municipalities Health Benefits Trust. Council questioned the cost savings. Ms. Broderick stated that there was a savings in dental. Costs per employee per month were going from \$35.11 to \$29.50 with employee's having the ability to buy up to the Tier III program. Councilman Marquardt motioned to approve contracting with the North Carolina League of Municipalities Health Benefits Trust for Group Dental Tier II with an employee option to buy up to a Tier III and for Group Employee Life and Accidental Death and Dismemberment Option "C". Councilman Abernethy seconded the motion, the motion passed unanimously. The 2018-2019 Medical Insurance Plan and Plan Design is attached as Exhibit C and incorporated by reference as if fully set out within these minutes.

**VII. *Utility Rate Model*** – Dale Schepers, of McGill & Associates, provided Council with a Beech Mountain Water and Sewer Utility Rate Review Analysis. Mr. Schepers stated that he was the author of the spreadsheet before Council. Started out with a Capital review. Took the 20-year schedule and plugged it into a rate predictor. This prompted a closer look at the rates themselves to see when do we need to do it, and how do we need to do it. The rate analysis before Council includes all of the costs being organized and predicted. Dale, started on the expense side, looked at the patterns and then created a projection forward. This year we have added an additional 5 years to the model. Typically, you only do 5 years. Anything beyond that gets a little fuzzy. One reason we did this was to be able to plug in the Water Intake project. This model does not include those figures right now. Councilman Sauer questioned how close the test materialized to the actual that has occurred. Mr. Schepers stated that the town had a rate adjustment that took effect in July 2017 to achieve the cash needs approach goal of \$77,000.

**VI. Insurance Proposals** – Manager Tim Holloman stated that the town had five responders to the Request for Proposals for Insurance. Manager Holloman stated that through review of the proposals three were selected for interviews. Manager Holloman informed Council that based on the review of all proposals staff was recommending Tucker Administrators and a self-funded reference based pricing plan with a new plan design. Manager Holloman introduced Gene Tucker with Tucker Administrators. Mr. Tucker reviewed the self-funded reference based pricing plan and plan design included in Council’s agenda packet with Council. Reference based pricing will help lower costs through negotiating claims costs down to 40% over Medicare costs. This process will be handled by advocates for the plan. The advocates for the plan have their own insurance in place to cover costs that cannot be negotiated down. Vice Mayor Kaufman questioned whether the employee would be responsible or if the employer would be responsible for anything that the reference-based pricing did not cover. Vice Mayor Kaufman asked if there were any hospitals excluded from the plan. Mr. Tucker stated that there are no excluded hospitals. Vice Mayor Kaufman asked if an employee would be restricted from going to a hospital for service if there was an open litigation matter as a result of this type of plan. Mr. Tucker stated that there is no signed agreement with hospitals and that as a rule individuals cannot be denied care by a hospital. Mr. Tucker stated that more and more plans in North Carolina are going to this type of plan. Councilman Marquardt questioned the 12/15 type of contract. Manager Holloman stated that the 12 represented the months of the plan year and the 15 represented the monthly runout period. Vice Mayor Kaufman questioned the quality of the insurance carrier. Mr. Tucker stated that the insurance carrier has an A+ rating and that they have been working together for approximately 15 years and have never had a problem with them. The underwriter for Sirius has been doing business with them for approximately 40-years. Councilman Abernethy asked if there was anything that could come back and haunt the employees. Mr. Tucker stated that there was nothing that he could think of that would impact the employees negatively. Mr. Tucker stated that he has one other client right now that is using this product. Councilman Marquardt questioned if the winds change if there is any issue going back to a PPO model. Mr. Tucker stated no. Councilman Marquardt stated that the plan presented saved money and was exactly what Council asked staff to do when staff was asked to find savings. This plan saves approximately \$100,000 in fixed costs. Councilman Abernethy asked if this was a three-year contract. Manager Holloman stated that this was not a three year program but that staff would request that Council consider sticking with a plan administrator for three years and make changes to the plan design as requested in the future. Mayor Castiglione stated that this is what staff was charged with, to create realized savings, and to have the

MINUTES  
BEECH MOUNTAIN TOWN COUNCIL  
Budget Meeting – April 24, 2018

- I. ***CALL TO ORDER*** – Mayor Renee Castiglione called the budget meeting of the Beech Mountain Town Council to order at 10:00 a.m., Tuesday, March 20, 2018 in the Town Hall Council Chambers located at 403 Beech Mountain Parkway Beech Mountain North Carolina 28604. Other Council Members present were Barry Kaufman, Carl Marquardt, Weidner Abernethy, and Wendel Sauer. A quorum was present. Town Attorney Stacy C. Eggers, IV was not present. Staff members present included Town Manager Tim Holloman, Town Clerk Jennifer Broderick, Finance Officer Steve Smith, Parks and Recreation Director Sean Royall, Building Inspector John Merritt, Director of Infrastructure Robert Heaton, Public Works Superintendent Matthew Clawson, Public Utilities Superintendent Daniel Davis, Police Chief Tim Barnett, and Fire Chief Bob Pudney.
  
- II. ***Adoption of Agenda*** – Councilman Sauer motioned to approve the agenda. Vice Mayor Kaufman seconded the motion, the vote carried unanimously.
  
- III. ***April 10, 2018 – Special Meeting Minutes, Public Input on Shane Outdoor Park and Parks and Recreation Trust Fund Grant*** – Mayor Castiglione questioned if there were any changes to the minutes before Council. Hearing no changes Councilman Sauer motioned to approve the minutes. Vice Mayor Kaufman seconded the motion, the vote carried unanimously.
  
- IV. ***Shane Outdoor Park Site Specific Master Plan*** – Mayor Renee Castiglione asked if there were any comments. Hearing none Vice Mayor Kaufman motioned to approve the Shane Outdoor Park Site Specific Master Plan. Councilman Sauer seconded the motion, the vote carried unanimously. The Shane Outdoor Park Site Specific Master Plan is attached as Exhibit A and incorporated by reference as if fully set out within these minutes.
  
- V. ***Resolution to Approve Assigning Fund Balance to Shane Outdoor Park Project*** – Manager Holloman stated that staff was requesting through resolution to assign fund balance for \$200,000 for the 2018-2019 fiscal year. The grant has to be awarded. At that time Council will have another opportunity to accept the grant. Vice Mayor Kaufman motioned to approve the Resolution to Approve Assigning Fund Balance to Shane Outdoor Park Project. Councilman Sauer seconded the motion, the vote carried unanimously. Resolution No. 2018-05 *Resolution to Approve Assigning Fund Balance to Shane Outdoor Park Project* is attached as Exhibit B and incorporated by reference as if fully set out within these minutes.