



MINUTES

Regular Town Council Meeting

4:00 PM - Tuesday, May 11, 2021
Council Chambers

The Regular Town Council of the Town of Beech Mountain was called to order on Tuesday, May 11, 2021, at 4:00 PM, in the Council Chambers, with the following members present:

COUNCIL PRESENT: Mayor Barry Kaufman
Vice Mayor Jimmie Accardi
Councilmember Weidner Abernethy
Councilmember Kelly Melang
Councilmember Erin Gonyea

COUNCIL EXCUSED:

STAFF PRESENT: Attorney Stacy Eggers, IV
Town Manager Bob Pudney
Town Clerk Tamara Mercer
Director of Special Projects Riley Hatch
Finance Officer Steve Smith

1. CALL TO ORDER

2. ADOPTION OF AGENDA

2.1. Please note: Councilmember Melang arrived at 4:10 p.m.

Mr. Pudney requested that Council accept and include additional supporting documents provided by Staff for agenda item 7.1 - Chapter 50: Solid Waste Ordinance amendment and agenda item 8.1 - the Ordinance Franchise Agreement for Solid Waste Collection for Commercial Services Republic Services, INC., for consideration by Council. To which Mayor Kaufman requested a motion to accept those two additional documents and to revise the agenda.

Motion

Jimmie Accardi made a motion to adopt the revised agenda and Erin Gonyea seconded the motion. CARRIED. unanimously.

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

4.1. Public Hearing Comments on FY: 2021-2022 Annual Budget and general public comments

From: Urs Gsteiger <ugsteiger@gmail.com>

Sent: Friday, May 7, 2021 7:47 PM

To: Bob Pudney <rpudney@townofbeechmountain.com>

Cc: Barry Kaufman <bkaufman2022@outlook.com>; Weidner Abernethy <wabernethy@townofbeechmountain.com>; Jimmy Accardi <jaccardi@townofbeechmountain.com>; Erin Gonyea <egonyea@townofbeechmountain.com>; Kelly Melang <kmelang@townofbeechmountain.com>

Subject: Public comment 2022 Town budget

My name is Urs Gsteiger and I live at 124 Raven Road. My comments today are addressed to the proposed 2022 Town budget. As most of you know I have been attending and commenting on the Town's budget for many years and I suspect I have attended more Town budget sessions than the entire Council combined. Many of the budget priorities that I have been fighting for are finally being funded. Let me start by commending the current Council for starting to address the real infrastructure issues confronting Beech Mountain and taking many of the difficult steps necessary to address them. This Council began that process in the last budget cycle and is continuing them with this budget and they should be commended for that effort. There are a number of areas, however, where I believe not enough progress is being made.

The first area is the Town's overly generous dependent health insurance payments. I have been fighting this benefit for at least 10 years. At present employees pay only 8% of the cost for their dependents' health insurance costs, a benefit unheard of in private business as well as government, as I will show below. The current cost of this benefit to the Town is about \$216,000, a \$50,000 jump from last year because more employees are signing up for this benefit. This benefit is unfair and unsustainable for many reasons, yet only Councilmember Abernathy is willing to address this issue.

The first distressing element of this benefit is that Council has asked no questions about it in any open session and does not appear even to understand the scope of the problem. The numbers that you see below were the result of my repeated digging and requests to the Town since Council is unwilling even to seek the true numbers in open session. No Councilmember has asked for the true numbers and when I discussed it with the Mayor on May 1 he was so confused he thought over half the Town's employees had family coverage. This demonstrates the lack of knowledge and interest among our Council.

I have repeatedly asked prior Councils to remedy this problem but they have generally refused to address it, usually kicking the "can down the road". For example, in 2017 taxpayers were assured by that Council and former manager Tim Holloman that employees were paying 50% of the cost for their dependents' care. (page 4-5 of the May 30, 2017 Council minutes). That was a

lie. It took action by a later Council to even require an 8% contribution from employees.

This benefit is blatantly unfair to most Town employees. Almost half of our employees are either single or otherwise do not use the dependent health care benefit. Thus, for example, a few married employees (eight at last count) are receiving additional untaxed benefits of over \$10,000 annually and a single employee gets no benefits. To put it another way, less than 14% of the Town's employees get over 40% of the benefits. These numbers have changed since my prior email on this subject primarily because the number of employees using spouse and child coverage at Town expense has jumped dramatically from last year and I was finally able to obtain updated numbers. If I were a single Town employee, I would be very unhappy with this. I wonder how many of the employees on the informal committee were recipients of this untaxed almost \$1000 per month benefit. And finally, remember that, at last count, only one Town employee was actually a taxpayer of Beech Mountain.

This benefit is unheard of in other governmental entities. For example, all North Carolina state employees pay the full cost of their dependents' health insurance. The same holds true for North Carolina cities. The most recent survey conducted by the North Carolina League of Municipalities (2019) shows that of the 59 towns with populations under 5,000 that responded, only 6 pay for any part of dependent health insurance and none pay a share close to Beech (the average of the 6 is just under 50%). Neither Banner Elk nor Blowing Rock pays anything for dependent health insurance (that one probably came as a shock to Rick Owen, who was part of many Councils that fought me for years on this issue), nor do Elkin, Granite Falls, Sylva, Valdese, Marshall or Pilot Mountain, all towns with similar populations.

One argument that I have heard at least every year when I raise this issue is that we have lost employees over our health coverage. However, despite an annual request for proof of that claim, I have yet to receive a single name to support that argument. Given that most towns in North Carolina do not pay for dependent coverage this argument is nonsense. This benefit is similarly rare in private industry. I have been told that the business owned by one Councilmember who supports paying for dependent coverage does not pay for either employee or dependent health insurance for his employees, yet he expects taxpayers to pay for this benefit. (I have attempted to confirm this with him, but he has refused to directly answer my questions on this issue).

The current proposal of having employees pay an additional 13% this year is simply not enough. Employees should pay an additional 25% this year with the goal of paying 70% to 80% in three years. While several Council members promised additional changes in future years, these promises are not binding, especially when two of the four who made the promise may not be on Council next budget cycle. One other approach would be to give each employee a set amount monthly in an HSA to be used for healthcare spending. This would be much fairer to all employees and the money saved by reducing this benefit can be redirected at more critical projects.

Next, I am concerned that the Council does not fully understand the ramifications of proceeding with the Lake Coffey project. While I support exploring expanding Lake Coffey as an option and generating additional data and cost estimates, Council needs understand a few things. First, this is NOT a supplemental water source, it is another band aid, albeit an expensive one. Second, if the Council chooses to eventually fund this project it is saying that we will not proceed with the Watauga Intake, since the Town can not afford both projects unless it were to receive outside funding at no cost to the Town. In essence, the Council is gambling that any future drought will break before Lake Coffey runs dry. Having researched 20-40 year climate forecasts, this may be a gamble worth taking but it is nonetheless a gamble. I urge the Council, once we have more data, to have a full public discussion of the options before proceeding.

Next, I believe the dedicated EMS station, while a want, is not a need given the projected annual cost. The Town should explore other options to share an EMS station before committing to funding one on its own. Reviewing the recent Blowing Rock EMS study, it is clear that the \$450,000 projected cost is likely a minimum cost and may underestimate the true full cost. Perhaps sharing a new EMS station with Banner Elk might be a better option.

Finally, I am concerned by the significant jump in Town spending in this budget. The current budget calls for spending almost 20% more than last year, much of it funded by dipping into reserves. While I support much of the needed infrastructure spending and I know our reserves are strong, I fear increases such as this one are unsustainable.

Realizing that much of the added spending may be caused by the increase in tourism, I suggest that we address other sources of income to fund Town infrastructure. At present, the enabling legislation authorizing the occupancy tax requires that it be spent by the TDA on projects benefiting tourism. That legislation has not been amended for about 20 years. I suggest the Town seek an amendment to that legislation raising the occupancy tax to 9%, with the 3% going to the Town's General Fund to be used for infrastructure. This allocation has precedent in North Carolina. There are other municipalities that are permitted to spend their occupancy tax on general revenue obligations such as police, fire and infrastructure. Given the strain on Town resources that visitors make, it seems only fair that they pay for a portion of those costs.

Urs Gsteiger

5. CONSENT AGENDA

- 5.1. Adoption of Minutes of March 9, 2021, regular Council meeting and April 13, 2021 regular Council meeting.

Motion

Erin Gonyea made a motion to accept the Town Council regular meeting minutes of March 9, 2021, and April 13, 2021 and Weidner Abernethy seconded the motion. CARRIED. unanimously.

5.2. 2022 Fiscal Year Budget Public Hearing set public hearing

Mayor Kaufman requested a motion to set the Fiscal Year 2021-2022 Annual Budget Public Hearing for June 8, 2021.

Motion

Jimmie Accardi made a motion to set June 8, 2021, as the FY: 2021-2022 Annual Budget Public Hearing and Weidner Abernethy seconded the motion. CARRIED. unanimously.

5.3. Tax Dept. Order to Advertise delinquent ad valorem taxes

Motion

Kelly Melang made a motion Governing body approve order Erin Gonyea seconded the motion. CARRIED. unanimously.

6. PUBLIC HEARING

6.1. Public Hearing: Chapter 50- Solid Waste Ordinance Revisions 'bear resistant containers regulations'

Mayor Kaufman requested a motion to open the Public Hearing. Councilmember Melang made a motion to open the Public Hearing for a proposed amendment to Chapter 50 Solid Waste revisions and the motion was seconded by Councilmember Gonyea. The motion carried unanimously.

Mayor Kaufman stated that emails had been received by himself and other council members by Mr. Urs Gsteiger. Mr. Pudney stated that public comments were not sent through the Town Clerk's Office and are not officially submitted. Various email communications maybe out there circulating but we do not have those emails as no citizen requested that they be received and submitted onto the Council's agenda. For public comments to be included and submitted to Council's agenda packet under the COVID-19 State of Emergency, they need to be received by the Clerk by 5:00 p.m. May 10th. As no submission was received, various threads of an email are not a part of the record.

Mayor Kaufman requested that Council formally close the public hearing before moving onto deliberations.

Motion

Jimmie Accardi made a motion to close the Public Hearing and Erin Gonyea seconded the motion. CARRIED. unanimously.

7. OLD BUSINESS

7.1. Solid Waste Ordinance Revisions

Mayor Kaufman referenced the several emails which were circulating around, and he suggested a compromise to the Solid Waste Ordinance revisions, wherein a resident can request an exemption from installing a bear proof container. The attorney would review that suggested language.

Attorney Eggers reviewed the proposed addendum for Section 50.11 (B) (1): Property owners wishing to exempt their property from the requirements of Section 50.11(B) may do so by registering their request with the Town Manager for exemption no later than August 1, 2021 on a form prepared by the Town stating the request for exemption, the names and addresses of the property owner, the property location, and a statement that the property owner has made alternative arrangements for the collection of solid waste from this location. This exemption shall expire upon either 1) the sale, transfer, or conveyance of the property to another individual, 2) two violations of this Chapter within a twelve-month period, or 3) the property being used for short-term rental with periods of occupancy by the same tenant of less than 28 consecutive days.

Attorney Eggers noted that this is similar language that already exists under the ordinance but allows for an expiration of the exemption as listed 1) the sale, transfer, or conveyance of the property to another individual, 2) two violations of this Chapter within a twelve-month period, or 3) the property being used for short-term rental with periods of occupancy by the same tenant of less than 28 consecutive days.

Mayor Kaufman conducted a discussion as to the advantages and the alternative method which would allow for the exemption to installing the bear proof bin. There was a question-and-answer period after which Mayor Kaufman requested a motion to adopt the ordinance.

Motion

Weidner Abernethy made a motion to adopt the amendment to Chapter 50: Solid Waste Ordinance and to include the addendum Section 50.11 (B)(1) as submitted by Attorney Eggers and Jimmie Accardi seconded the motion. CARRIED. unanimously.

8. NEW BUSINESS

8.1. Solid Waste Franchise Agreement

Mr. Pudney introduced the franchise agreement with Republic Services, and he suggested the contract be reviewed and then placed on the June 8th Town Council agenda, so Council has 30 days to review the document before a scheduled Public Hearing.

He reviewed the franchise terms such as this is a 3-year term contract with a 90-day cancelation clause. The town won't handle customer accounts. He reiterated that the town will not manage customer accounts, the contractor will provide that service. The Ordinance implements bear resistant metal containers and dumpsters for multi-family units. Council is to set the town's rates each year for residents. As to the commercial rates, the franchise provider will come to Council with the requested rate, and Council will set those rates.

In response to Councilmember Abernethy's question, Mr. Pudney further explained how the franchise agreement would work between the town and the company and what the customer is charged. The CPI information is included as per the legal contract which justifies those costs, while we cannot deny an increase; a business cannot charge different rates to different customers, nor could they increase rates without the Town's input. They use CPI standards and those are incorporated into the agreement. Mr. Pudney added the rates quoted currently for this fiscal year are good. There is 90-day implementation period, therefore assuming we start July 1, October 1st would be our implementation start date.

There was an in-depth question and answer period regarding the dumpsters, commercial business protocol, the current methods used, who purchased what equipment, schedules and routes, and holidays, the payments and contract, and extension clause and or cancellations and general pick-up procedures.

Attorney Eggers further explained a corporate franchise agreement and non-compete clauses, civil penalties, and general statute requirements and granting such a franchise agreements for other entities such as cable, tv, or cellular services, etc.

Motion

Kelly Melang made a motion hold a Public Hearing regarding the Republic Services INC franchise agreement and Ordinance for June 8, 2021, and Erin Gonyea seconded the motion. CARRIED. unanimously.

8.2. N.C. GS § 160D Zoning Ordinance Revisions

Staff recommends that Town Council call for a Public Hearing to gather public input on the proposed changes at the next regularly scheduled meeting on Tuesday June 8, 2021. Mr. Pudney said the new State statute §160D, combines the zoning procedures governing jurisdictions into a combined statute for those procedures. This revision updates and codifies these minor changes. To be in compliance with the statute, towns need to adopt the new ordinance.

Mayor Kaufman requested a motion to schedule a Public Hearing for June 8, 2021, for the proposed Zoning Ordinance Revisions to NC GS §160D as submitted by the Town's Zoning Official.

Motion

Erin Gonyea made a motion a motion to schedule a Public Hearing for June 8, 2021, for the proposed Zoning Ordinance Revisions to NC GS § 160D and Kelly Melang seconded the motion. CARRIED. unanimously.

- 8.3.** Planning Board position vacancy due to a resignation by member, Larry Tyner. Term expiration for December of 2023.

Mayor Kaufman requested a motion to nominate a board member from the submitted applications received by the Clerk's Office.

Councilmember Melang nominated Mr. John Pendergast, and Vice Mayor Accardi nominated Mr. George Paddeck. Mayor Kaufman called for a vote.

Councilmember Melang and Councilmember Abernethy voted 'aye' for Mr. Pendergast, and Vice Mayor Accardi, Mayor Kaufman and Councilmember Gonyea voted 'nay'.

Motion

Barry Kaufman made a motion to appoint Mr. George Paddeck to the vacant term on the Planning Board serving to December of 2023 and Jimmie Accardi seconded the motion. CARRIED. 4-1 (opposed: Kelly Melang).

9. TOWN MANAGER AND STAFF REPORTS

- 9.1.** Monthly Financial Reports

Mr. Pudney reviewed the Financial Reports noting that we are at a 75% of the completed budget currently and he presented the line items gains and losses. We are above projected revenues due to various revenue sources.

Motion

Review

- 9.2.** Manager's Report

Mr. Pudney began his report by requesting a moment of remembrance for slain Sherriff's Deputies, Logan Fox and Chris Ward. Our own P.D. is hit hard as Officer Ward began his police career on Beech Mountain and K-9 Officer Fox who grew up on Beech Mountain was also a volunteer Fire Department responder. The Town participated in the funeral services in Watauga County and the residents and businesses supported our law enforcement with the Blue Light/Red Ribbon tribute. A ceremony was also held at the Beech Mountain 40th Anniversary Celebration.

Covid-19 Update effective April 30, 2021, Governor Cooper's orders allows for 100 indoors / 200 outdoors, Mr. Pudney said that we are limited by

square footage and distancing restrictions of 6 feet, therefore Council Chambers accommodates only 15 people, so the public cannot be present. The next expected Covid-19 update and changes are May 28th to see what regulations allow and we will make announcements following those directives.

The Town's 40th birthday celebration was a great success, and Mr. Pudney personally thanked Sandy Carr, the TDA, and all the volunteers who worked so hard. The TDA funded the event and Parks and Recreation staff worked all day. The Watauga Honor Guard presented the Anthem Ceremony after the tragedy for Deputies Chris Ward and Logan Fox. The Police Department beat the Fire Department and won the corn hole trophy.

On May 19, 2021, the next Town Council Budget Retreat is scheduled and Council can further discuss Budget and projects. Staff will prepare the revised budget reflecting Council's changes in the Capital Funds as was requested. Mr. Pudney noted that at that time discussion will include employee benefits and pay, infrastructure, beautification, efficiency, customer care and service improvements and the Convenience Center and solid waste as well as other Council concerns. The meeting begins at 2:00 p.m.

Mayor Kaufman said that Council can discuss the topic of golf carts and the ordinance on June 8th. Councilmember Melang noted what other local towns allow, and Mayor Kaufman said our situation unique. When the ordinance was adopted in 2019, the written compromise regarding the rear facing seat did not allow passengers. For safety purposes no passengers should be transported in the rear seat but as to a new direction that will be on the June agenda he added.

Mr. Pudney noted there is a fuel situation in the State due to the Colonial Pipeline shutdown, but the Town has 45 days of gas and diesel fuel for the fleet, so the town has sufficient fuel supplies.

In response to an inquiry by Councilmember Abernethy, Mr. Pudney said he was going to wait until May 19th to discuss the employees' dependent care health insurance and Staff's recommendation, but he continued to the conversation about employee costs. He recommended a 30-35% implementation plan with a target of a 50 /50 dependent care cost split between the Town and the employees over a three-year period. In the budget for this year is a 13% increase, which means the employees will be paying a greater portion of the costs. A 17% increase over the next year to another 20% the year after to get to 50% mark that the employees pay towards their health coverage. He explained the actual percent currently paid for a spouse, child, and family care rates, based on the type of insurance coverage chosen by the employee. This will be a substantial increase to the employees' costs and a savings to the taxpayer. Currently with a family plan, the employee pays 18% of the costs. Mr. Pudney added that Open Enrollment takes place on May 25th, and we do not know what employees will choose, but it is during Open Enrollment, when employees select their coverage.

In response to an inquiry by Councilmember Gonyea regarding the employee bonus versus merit program, Mr. Pudney said the cost-of-living increase or COLA is set for 2%. For the employee to receive a positive and not a negative raise, administration looks at the difference between a bonus and a merit pay increase. The net benefit with a bonus is those one-time paid dollars over time, is a negative to employees and he further explained why.

In the 16 months since Mr. Pudney has administered as Town Manager, he measures productivity in departments. The tax collection is over 99%. The Public Works beautification projects are visible. The increase of workload to the Police and Fire Departments and managing those influx of visitors is evidence. The Finance, Parks and Recreation, and every department productivity can be measured. It is counterproductive to give a one-time bonus pay at 1 -3% for a person who makes \$15.00 an hour. A merit increase is a net positive and rewards those who work more in municipal government, as 1% raise on \$15.00 is compounded in their State retirement plan and is a benefit as a merit pay increase.

He added if you believe employees deserve this pay, then he asked Council to reconsider the budgeted bonus pay increase and to install the merit pay increase. If we have failed to provide services, then let us know how to improve. Compensation allows employees to provide for their families and is why the workforce is here.

Councilmember Gonyea reconsidered and said merit pay is an incentive for a good job, and we can visibly see the changes above and beyond, helping Council meet their goals. Vice Mayor Accardi said he was in favor of the merit pay.

Councilmember Abernethy said the Council has addressed the dependent care coverage and he credits fellow members for finally addressing this issue. Any changes to what the town taxpayers pays and moving towards a 50/ 50% split is fair. As to merit pay vs bonus pay, the money which goes towards retirement is an incentive to retain and recruit employees, so he is for merit pay. Councilmember Melang agreed, merit pay is an investment in the employees, to which Mayor Kaufman said he supports the merit pay increase. Mr. Pudney said he will reflect that change in the budget and submit an update.

- 9.3. April Recreation Report 2021
- 9.4. Fire Department Monthly Report
- 9.5. TDA Report May 2021
- 9.6. Police Department Monthly Report
- 9.7. Department of Infrastructure
- 9.8. Planning and Inspections Report 2021-04

10. TOWN COUNCIL COMMENTS

- 10.1.** Ms. Melang said she has extra blue lights for our 'back the blue' law enforcement support and she thanked the volunteers and staff for a successful 40th Birthday Celebration. The Fourth of July preparations are underway.

Councilmember Gonyea agreed the 40th Celebration was unique and amazing. She thanked Parks and Recreation staff for the daylong event as it was a great team effort headed by Sandy Carr, and Fred's Mercantile and the Brick Oven who donated and served the food. Thank you to Steve for a balanced and transparent budget and monetary stability. She commended Bob for his eloquent speech honoring our fallen officers. Ms. Gonyea encouraged residents to watch the Council videos and or read the meeting minutes before spreading misinformation about the town. Rumors heard are not all correct and the open agendas are available online.

Councilmember Abernethy noted the Town's stability, accountability, and transparency progression in handling the annual budget.

Mayor Kaufman thanked Rebecca as there is only \$30,000 in tax collection left to collect. He added we are not kicking the can down road as this an aggressive project agenda. He discussed the occupancy tax revenue increases from the TDA. This increase is State-wide and not just on Beech Mountain. Disbursement of funding and that criteria could change in the General Assembly so we cannot keep writing checks, so we need to plan for other revenues. The TDA is paying for the sled hill, the new bathrooms, and the playground. The TDA paid for the 40th Birthday Celebration and he also encouraged open and clear discussions and not to spread misinformation.

11. ADJOURNMENT

- 11.1.** There being no further business, Mayor Kaufman requested a motion to adjourn at 5:34 p.m.

Note: the minutes are not a verbatim record of these proceedings.

Motion

Kelly Melang made a motion to adjourn the meeting and Weidner Abernethy seconded the motion. CARRIED. unanimously.

Town Clerk

Mayor, Town of Beech Mountain