

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Planning Retreat I – January 25, 2018

- I. *CALL TO ORDER*** – Mayor Renee Castiglione called Planning Retreat I of the Beech Mountain Town Council to order at 8:46 a.m. on Thursday, January 25, 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. Staff members present included Town Manager Tim Holloman, Town Clerk Jennifer Broderick, and Finance Officer Steve Smith.
- II. *Review Accomplishments*** – Town Manager Tim Holloman reviewed the schedule and objectives for the meeting.
- III. *Financial Overview*** – Town Manager Tim Holloman stated that Finance Officer Steve Smith was going to present information on the financial overview. Mr. Smith reviewed the Monthly Financial Report. The report shows cash and investment balances for the month and revenue and expenditures for the general fund and water/sewer enterprise fund. Mr. Smith discussed the five components of fund balance; non-spendable, restricted, committed, assigned, and unassigned fund balance. Mr. Smith stated that the Local Government Commission requires a minimum 8% fund balance. This figure represents 8% of the town’s operating budget. Mr. Smith reviewed the town’s Balance Sheet as of June 30, 2017. The town’s auditor, Misty Watson, CPA, will be presenting information on the town’s audit at Council’s February meeting. Mr. Smith reviewed the Debt Service Schedule for the general fund with a balance of \$592,385 and the Water and Wastewater fund with a debt service balance of \$9,730,360. Most debt service payments are annual with a few made semiannually. Sales and Use Tax Distribution was reviewed next. Mayor Castiglione stated that this money is not guaranteed money. Manager Holloman stated that this money is not used as the part of the town’s operating budget. Mr. Smith stated that the Commissioners of Watauga have one opportunity in April to change the distribution method.
- IV. *Recess*** – Mayor Castiglione stated that Council would take a short break at 9:58 a.m.
- V. *Reconvene*** – Mayor Castiglione reconvened the meeting at 10:08 a.m.

VI. Utility Project Status/Rate Study Update Status – Town Manager Tim Holloman introduced Director of Infrastructure Robert Heaton and Dale Schepers, with McGill and Associates. Mr. Heaton stated that Mr. Schepers will review the rate model that was completed last year and that they will be working on reevaluating the project. Mr. Heaton stated that we are in the middle of ordering 35 blow offs for lines that do not have those. This will allow staff to flush the water. There are 67 total blow offs the town is planning on installing. Staff currently tries to flush these line areas once a month. Staff has applied for two loans; a safe and clean drinking water loan and a sewer line loan. They are 1.8% loans. Mr. Heaton stated that there is a million and half dollar project. The sewer loan is for an approximate two and half million-dollar loan. Councilman Abernethy asked if preventive maintenance schedules were established. Mr. Heaton stated that he had recently assumed these new duties and that part of assuming the responsibility for the Public Works Department would be the implementation of preventive maintenance schedules. Mr. Heaton then stated that leak detectors are rotated through water lines. The main thing to do is flushing water lines. The Public Works side is being worked on. Councilman Abernethy asked if there have been preventative maintenance schedules in the past for Public Works. Mr. Heaton stated that we are working on that. Mr. Heaton stated that we are required on the water and sewer side to have them. Mr. Schepers stated that he retained the utility rate model for the town. The rate adjustment approved by Council was based on the utility rate model. The key to the rate model is the input as established by the American Water Association. Mr. Schepers explained the inputs and the outputs. The projection shows the upcoming five years from 2018 to 2022. Mr. Schepers stated that the current model shows an approximate 3.5% annual increase. As the percentages are applied looking forward five years the base utility bill will increase to approximately \$98.00. This includes an inflationary factor for equipment, projects, salaries, system building maintenance, contracted services, chemicals, and support services. The model is going to have recent data from the year put into the model to see if the actuals need to be adjusted. Year after year these adjustments should be made. Mr. Schepers stated that the town essentially has a flat rate system when you look at consumption. Mr. Schepers reviewed other types of funds coming and going and the projected capital improvements that are cash financed. This allows decisions to be made on whether or not the town wants to continue to cash finance or pay more debt. The Water Intake project is factored in after the five-year window. Staff will have the Cost of System Rate review ready for Council by April for this year's budget process. Mr. Schepers stated that that the Water Intake Project is currently estimated at \$16,800,000. If the first debt payment is in 2021 then then town will need to start two years earlier than that to put money away in 2019 in reserve in the amount of \$200,000, with annual reserve projections following as \$300,000, \$200,000, \$120,000,

\$80,000, \$90,000, and another \$90,000. By the time the impact settles out the average bill goes to \$125 a month. Vice Mayor Kaufman questioned the use of impact fees. Mr. Schepers stated that House Bill 146 regulates opportunities with impact fees. Mr. Schepers stated that the utility system is an Enterprise Fund. Subsidies are frowned on from the General Fund by the Local Government Commission. Councilman Abernethy questioned working with other neighboring communities. Discussion was held on the expense of infrastructure to accommodate this scenario. Mr. Heaton stated that this rate model has been implemented with the current budget. Mr. Heaton stated that Mr. Schepers will be working on creating various outputs for the town with the current data. The town has had some of the best construction companies look at the Watauga Intake project. We are going to work on the model and see how it turns out. Mr. Heaton stated that Council will determine what direction the town will be going in the long run based on the information provided. We have the methodology to look at what is real, what is not, and our ability to do this. Councilman Abernethy asked what the worst scenario is if the town does not move forward. Mr. Heaton stated that the town would run out of water. The original Water Plant was permitted for one million gallons a day. The stream that is filling this lake does not have a million gallon flow per day. The Watauga Intake will be permitted for the town to pull twenty-percent. Mayor Castiglione questioned if Watauga Lake was down if there would be adequate water for the town. Mr. Heaton stated yes, that right now when the source is at full capacity that would be approximately two million gallons of water for the town from the Watauga River. Councilman Abernethy stated that it was imperative the town completed this project. Mr. Heaton stated that once this project is completed there will be operating costs to run the system that have to be put in place. Power costs will be high due to pumping. There are two stations that will be in place. The stations will need to be run a couple times a month. Cutting these types of systems on is when it gets expensive, not the running of them. Council asked about Eagles Nest. Mr. Heaton informed Council that Eagles Nest is using individual wells and is run by Carolina Water Systems. Councilman Abernethy asked if there was any grant money available. Mr. Heaton and Mr. Schepers stated that there are no grant monies for this type of project right now. Mr. Schepers stated that the State is working on setting aside money for regional needs. Here we do not have that. Mr. Schepers informed Council that McGill Engineer's has a host of water law experts if Council would like to navigate through that. Mayor Castiglione pointed out that the last rate increase amounted to approximately \$36 a year. Councilman Abernethy asked if there was any opportunity to fund from the General Fund. Staff stated that the possibility was there but that the Local Government Commission frowned upon this practice and the town had other projects that needed to be thought about as well.

- VII. *Review Citizen, Staff, and Manager Concerns*** – Town Manager Tim Holloman stated that since the meeting was ahead of schedule the next topic of Review Citizen, Staff, and Manager Concerns would be discussed. Exhibit A includes the list of citizen concerns and Exhibit B includes the list of Staff and Manager Concerns. Exhibits A thru B are incorporated by reference as if fully set out within these minutes.
- VIII. *Recess*** – Mayor Castiglione stated that Council would recess the meeting at 11:23 a.m. for lunch and reconvene at 1:00 p.m. at the same location.
- IX. *Reconvene*** – Mayor Castiglione reconvened the meeting at 1:00 p.m.
- X. *Brainstorm and List Council Concerns*** – Town Manager Tim Holloman worked with Council to list their concerns as a group.
- XI. *Prioritize Concerns and Assign Champions*** – Town Manager Tim Holloman asked Council to prioritize their concerns and assign champions to their concerns. Manager Holloman suggested Council should assign two champions for their top concerns. Council Members who were champions would assist with bringing formal recommendations to Council concerning the concern they were championing. Council's top priorities were to create an infrastructure identification program to have projects shovel ready, Watauga Intake project, salting roads and treating, 401k – matching, do away with curbside pickup, Fire Chief vehicle, Recycling Center fence/gate, façade grants, healthcare benefits, growth of town sites, evaluate 911 system, holding Town Hall meetings, and viper radios for the Fire Department.
- XII. *Wrap-Up and decide if additional time is needed*** – Town Manager Tim Holloman asked what Council would like to do differently at their next Planning Retreat.

Note: Due to a work conflict, Councilman Marquardt exited the meeting at 4:26 p.m.

After some discussion, Council determined that it would be beneficial to have a facilitator at the next Planning Retreat.

- XIII. *Adjourn*** – At 4:30 p.m., Vice Mayor Kaufman moved to adjourn, which was seconded by Councilman Sauer. The motion passed unanimously.

Minutes approved by Town Council on February 13, 2018.

Renee D. Castiglione, Mayor

ATTEST:

Jennifer L. Broderick, MMC
Town Clerk

**ATTACHMENT TO MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Planning Retreat I – January 25, 2018**

EXHIBIT A – Citizen Concerns 2018-2019 Fiscal Year Budget

EXHIBIT B – Staff and Manager Concerns 2018-2019 Fiscal Year Budget

**CITIZEN CONCERNS
2018-2019 FISCAL YEAR BUDGET**

- Review of employee benefits and cost to Town.
- Creation of long range plan for paving and re-graveling of Town roads and proposed annual spending to complete that plan. Analysis of costs and benefits of paving Buckeye Creek Road.
- Analysis of needed capital spending for water and sewer infrastructure, to include funding Watauga intake. Review of water and sewer charges to pay for spending.
- Contingency planning in the event sales tax revenue is reallocated by Watauga County.
- Review, by department, of number of Town employees.
- Review long term plans for Buckeye Recreation Center, after loan payoff.
- Consideration of additional annual revenue streams for Town, to include availability fees and lobbying for new state law to more fairly allocate sales tax revenue.

**STAFF AND MANAGER CONCERNS
2018-2019 FISCAL YEAR BUDGET**

Following is a brief listing of policy changes, program changes or modifications and capital items that might be needed. This initial list is brief and for consideration by Council at the January retreat for follow up during the budget and planning process.

TOWN MANAGER

1. System Allowing for Computer Broadcast of Council Meetings
2. Watauga River Intake-Continuing Progress
3. Additional Building Maintenance Work at Town Hall to include
4. replacement of all lighting fixtures with LED fixtures for cost savings.
5. Replacing all carpet in traffic areas with all-weather flooring.
6. Fine Tuning Budget Process
7. Employee Award Program
8. Expanding the salt/sand application process for paved roads
9. Paving of Buckeye Creek Road
10. Prioritizing up to 10 miles of current 40 plus miles of gravel road for future paving.

POLICE

1. 2 - Mobile Radar Signs. Battery powered or Solar powered. Cost for Battery: \$3,315.00, Cost for Solar: \$4,066.00, Total: \$6,630.00, Total: \$8,132.00. These items are quotes from Radarsign from Marietta, GA. Also available are permeant pole mounted signs. (Mobile radar signs would be more advantageous due to mobility.)
2. 10 - Tasers with holsters. Cost per Taser: \$1,261.88 Total: \$12,261.88. Price includes: Taser X26P, Holster, 2 cartridges, and data port for downloading info from the Taser. Current Tasers are 10+ years old and no longer produced or repairable. North Carolina Training and Standards does not recognize any other electrical conducted tools for Law Enforcement.
3. - AED's Automated External Defibrillator. Cost per AED: \$1,789.00. Total: \$5,729.27
4. 2 to 4 years – A new Public Safety Building for Police and Fire to accommodate need and growth for 30+ years.

FIRE DEPARTMENT

1. Helicopter Landing Zone improvements, Buckeye Recreation Center
2. Training Officer Position
3. Command Vehicle Replacement
4. Communications, Transition to VIPER
5. Large Capacity Rental Life Safety Ordinance
6. Replace Lighting, Fire Station #1 Apparatus Bays

7. Municipal Fire Tax
8. 2 to 4 years – A new Public Safety Building for Police and Fire to accommodate need and growth for 30+ years.

INSPECTIONS

1. An automated car/truck wash facility. The system would be based upon a no touch, high pressure spray type of setup. There would build a new building in the four acre track next to Beech Mountain Mini Storage. This would include a five bay drive through shop and a vehicle wash.
2. Salting of Town paved roadways. The Town can salt the paved road. You will need to have a storage bin, a third truck to dispense the salt and a loader to load the truck. Right now our 9# stone pile is near the new building site for Public Works. My thought is when the New Public Works building is built is to take the Truck Shop the taller building of the two down at the old site make two maybe three bids in the building for salt and one for #9 stone. The old shop would house the loader, salt spreader truck and garbage trucks. We then could send out just salt or in many cases a salt stone mix. One thing to remember is you do not want salt on gravel roads. We will have a problem with salt leaching out into the gravel roads so we may need to increase our stabilization budget.
3. Paving new road for the Town of Beech Mountain Consider the cut between roads (Dogwood, Chestnut, Lake, Ledge, Arrowood, Hawthorn, Greenbriar.) I think using traffic counters this spring or summer and count the amount of cars to see which roads are used the most. One other thing to keep in mind is we will have to raise man holes to pavement height and replace water valves on main lines and raise them to pavement level also.

TOURISM AND ECONOMIC DEVELOPMENT

1. Creation of a walking/biking corridor from one end of town to the other (essentially from the Bark Park to the Rec Center) – Sean and I have talked about several options that could make Beech Mountain completely traversable by foot or bike
2. Creation of more hiking areas in general-this is the number one activity in summer/fall here on the mountain
3. Potential purchase of the three parcels that make up the Town Kite Field
4. Salting ALL the paved roads, and keeping up with plowing on the gravel ones-the investment is well worth it! Our business people tell us we do lose renters and purchasers to Sugar Mountain and Seven Devils and the rest of the High Country because of our roads and particularly winter conditions.
5. Considering some kind of public swimming facility-either an upscale freshwater pond (maybe a dredging/beaching of the pond on the other side of Buckeye Creek Road from the Shane property, or a pool at the Rec Center. Our visitors and the rec center users ask about swimming all year long-it's

part of a healthy lifestyle, and people are wanting swimming and hiking options for themselves and their kids.

6. Moving Sledding Hill to field behind Brick Oven (once we lease/own it) so we can spread it out and improve safety and lessen risk.
7. Adding a covered stage to bottom of current sledding hill (10x24?) with electrical service, to use as seating for parents in winter, and a stage for concerts in summer'-the hill can remain grass, like a natural amphitheater-Sean and I have talked about how to host multisite events, and the sledding hill could be the Upper Amphitheater in summer and the Shane property could be the Lower Amphitheater.
8. Create more dedicated biking facilities, such as a pump track
9. MORE PARKING at the Rec Center
10. Figure out a way to bump out the VC and add more bathrooms maybe into the hill behind us? The bathrooms are not sufficient for winter crowds, and barely for summer.
11. Pave Buckeye Creek Road to open up the mountain from the west side-this will bring more visitor traffic and provide better flow of local traffic as well, while also improving safety.