



MINUTES

FY 2019-20 Town Council Planning Retreat Meeting

9:00 AM - Tuesday, January 15, 2019
Council Chambers

The FY 2019-20 Town Council Planning Retreat of the Town of Beech Mountain was called to order on Tuesday, January 15, 2019, at 9:00 AM, in the Council Chambers, with the following members present:

**COUNCIL
PRESENT:** Mayor Renee Castiglione
Vice-Mayor Barry Kaufman
Councilman Carl Marquardt
Councilman Weidner Abernethy
Councilman Wendel Sauer

**COUNCIL
EXCUSED:**

**STAFF
PRESENT:** Town Manager Tim Holloman
Town Clerk Tamara Mercer
Finance Officer Steve Smith
Director of Special Projects Riley Hatch
Director of Infrastructure Robert Heaton
Public Utilities Superintendent Daniel Davis
Public Works Superintendent Matthew Clawson

1. MORNING GATHER AND REFRESHMENTS

- 1.1. Town Manager, Tim Holloman presented the Town Council retreat PowerPoint and introduced Ms. Julie Wiggins, Executive Director of the High Country Council of Governments. He also reviewed the planned structure of the retreat.

2. OPENING WELCOME

- 2.1. Julie Wiggins serves as Executive Director for the High Country Council of Governments (HCCOG), a multi-county planning and development agency for the seven northwestern North Carolina counties of Alleghany, Ashe, Avery, Mitchell, Watauga, Wilkes, and Yancey. HCCOG is governed by a 27-member board comprised of local elected officials from the seven counties and nineteen municipalities. Previously, Julie served as the HCCOG's Area Agency on Aging (AAA) Director, and Long Term Care Ombudsman. The AAA provides direct and subcontracted services that contribute to the independence and well-being of older adults and their caregivers in the seven northwestern counties in North Carolina. Julie holds a Master's degree in Gerontology from Appalachian State

University.

3. REVIEW ACCOMPLISHMENTS OF PREVIOUS GOALS

3.1.

Mr. Holloman reviewed the previous year's accomplishments completed by the Town as listed in the agenda packet and he explained where we are with the Watauga Water Intake Project, noting that this is an on-going project and entails coordination with other governments, permitting and engineering. Details of the project were submitted in the various reports.

Mr. Holloman reviewed the permitting process for the new Public Works building and the layout and design noting it will be the first LEED certified building. Construction is set to begin spring of 2019. He added that the roads are being salted during the storms. The town has 400 tons for this year and next year we will have 600 tons of salt.

The Town's 401 (K) is now matching up to 6% which was set at 5%. There were multiple meetings held with regards to curbside garbage pick-up as well as surveys conducted. The result being that no change to the present system of curbside pick-up but is pending regulations for better bear resistant containers. There was some work done at the Convenience Center gate and layout.

The Town employee health care costs were reduced since the plan change but it was also noted that service was reduced. A departmental committee was formed, and meetings are on-going regarding the search for a better health care plan.

Mr. Holloman noted that no action was taken with regards to the acquisition of the land behind the Brick Oven Restaurant. The 911 system was evaluated, and several meetings held with the decision to maintain the current service and system. Several Town Hall meetings were held regarding different topics and open to citizen's discussion of several themes and input throughout the year. He pointed out the viper radios are pending the federal grant submission in March 2019 which will have a 5% budgeted match. The rest of the bucket list items was briefly discussed.

4. FINANCIAL OVERVIEW

4.1. Finance Administrator, Steve Smith Financial Report FY: 2017-2018

Mr. Smith presented a review of the budget and noted to Town Council the various highlighted categories; the report on the month to month change in fund balances for both the General Fund and the Utility Fund. He also reported on the cash and investment balances. He discussed the on-going monthly reports and reviewed the item details. He explained that it is the difference between the Town's assets and liabilities that produces the net assets, also called the equity retained earnings or fund balance. The fund balance represents the sum of all annual surpluses or deficits that an organization has

accumulated over its entire history. To put it another way, he said the percent and total revenues minus our total expenditures produces the net monthly balance.

Mr. Smith reviewed the general fund balance categories such as the non-spendable fund balance, for example the consumable inventories and the permanent fund principal which a portion of the net resources cannot be spent because they must be maintained intact as per State General Statute.

He explained the restricted fund balance, examples are bond proceeds, permanent fund expendable portions, legal settlements, transportation funds and budget stabilization. He noted that these limitations are imposed by creditors, grantors, contributors, or laws and regulations of other governments and legislation.

The committed fund balance, the assigned fund balance and the unassigned fund balance categories were reviewed. He discussed the summary of debt service schedule for the general fund, the utility fund and he broke down the water and wastewater totals for the radio read meter project, the equipment loan for the backhoe, the Pond Creek Wastewater and the Buckeye Creek water treatment plants.

Mr. Smith pointed out the sales and use tax summary as well as other revenues such as the ad valorem tax revenues. He noted how much is in the cash pool for the Town, using the per capita method and it is approximately 1.6 million dollars plus the NC Capital Trust, which is a mutual fund, which we as a town participate in, per North Carolina government municipalities. He pointed out there is \$73,000 earnings in investments, over what we budgeted.

In response to Councilman Abernethy's question regarding the construction fund in the month of July and the detailed report showing it moving up and down, Mr. Smith stated that as allowed by the State, he can move the money from one fund to the other. He explained that the capital management trust funds, do get moved by him in order to get the better return. He puts it in the account that gives us the most interest, although it is not liquid. It is in the purview of the finance officer, to gain the most yield. As a municipality, this is allowed but it is also limited by the State as to where he can move it. Mr. Smith added he is not a broker nor an investment wizard, but he had the authority, as per State regulations to move moneys to the account which yields the highest interest and at this time the return has been 13.9% gross for these funds. Councilman Marquardt noted that that is a good return.

There was a further question and answer period by Council regarding the definition of the fund balances, the categories, the inventory items, and the restricted fund balances such as grants, the Powell bill money, loans and the revenue bonds. Mr. Holloman clarified that the committed funds are assigned and as for the unassigned funds, staff cannot assign only Town Council can assign or categorize moneys as non-spendable funds.

The State-wide oversight and the financial system monitoring was

discussed. Mr. Holloman stated that the Town is fiscally conservative, for example the public works building is financed as a general fund obligation. The sales and use tax was increased and the \$750,000 is used for the expenditure. Mr. Smith further expounded on the per capita method for distribution of the ad valorem tax method. Since this is distributed by the State, this is over and above moneys received and fortunately the State does not use the populace method of distribution, this includes the hold harmless moneys. This may change depending on which method the County decides to allocate the funds. He noted this is with Watauga County and for the next budget cycle we are waiting to hear from Watauga County as to the fund allocation basis.

5. UTILITY PROJECT STATUS/RATE STUDY UPDATE

5.1. Public Utilities Superintendent, Mr. Daniel Davis, introduced Mr. Dale Schepers, the consultant with McGill & Associates who would present the report findings. Mr. Davis stressed that staff looked to Council for the direction Public Works should take moving forward with the rate structures. Mr. Holloman added that the consultant reviewed the water and sewer operating costs and capital improvements costs in order to update the Town's financial plan and user rates. This was to ensure long-term sufficiency of revenue, equity among customer classes, and cost-justification of the rate structures.

Mr. Schepers presented the consultant's recommendations to the Town Council. Their solution developed a dynamic cost-of-service rate model that is able to determine revenue requirements, capital investments, debt service schedules, reserve account balances, rate structures, etc. Mr. Schepers said this was based on client-defined input and assumptions that may be adjusted or changed to allow real-time evaluation of any number of scenarios.

The rate model produced several scenarios for the Town Council to consider, detailing potential impacts on water and sewer rates based a number of factors, including revenue sufficiency, conservation, customer equity, and overall sustainability of the utility; this allowed the Council to more clearly communicate the need for rate adjustments to customers, along with the basis for creating and tracking key performance indicators.

Mr. Schepers added that combining several water and sewer main replacement projects and adjusting financing strategy from the FY2017 rate model allowed the FY2018 model's 5-year projection of capital construction to be expanded from \$4.8 million to \$8.2 million, while remaining within the existing rate adjustment schedule; this allows critical water loss and sewer infiltration (health and safety) issues to be addressed in more timely manner. Town Council further questioned Mr. Schepers and Mr. Davis and were able to address public input and comments as to the cost to our rate payers and the directed Staff as to the Town's priorities.

6. SANITATION DISCUSSION

6.1. Public Works Superintendent, Matthew Clawson and Director of Infrastructure, Robert Heaton presented an overview of the Sanitation Department operation and expenses. The discussion focused first on compactor costs, which would be placed at the existing center. Mr. Heaton

noted that one issue was the capability of truck loading. He surmised it can happen but it will be tight. It must be on a concrete pad not on the fill dirt side of the Convenience Center.

Mr. Heaton stated the projected costs for up-fitting the electrical would include the covers. He pointed out the limited space on site which still must comply with OSHA regulations. He reviewed the history of how the Center evolved from a solid waste dump to a recycling center. He said it was not within the scope of the original plan, as it's functionality changed from solid waste to all the other components of the sanitation industry, the department adjusted to the full setup as it exists today.

Mr. Heaton further expounded on adding more containers and what it would take to add 20 / 40 cubic yard containers as well as the costs. He explained the added capabilities we would have if we purchased a new truck. He estimated the cost would be \$150,000 for a new dump truck versus the costs of new compactors. He reviewed the benefits and limits of either plan. He said he would defer to the Town Council's guidance. There was further discussion of goals and policy by the Council as well as the maintenance costs and projected costs. The problems in the recycling industry currently is a great issue, as China is no longer accepted the garbage, noted Mr. Holloman.

Councilman Marquardt stated that we are still building the new facility as our long-term plan and we can adjust for two new compactors until the construction of the facility happens this spring. Mr. Heaton confirmed the bid will be in March and after that is awarded the construction will start and the grading is expected to begin by June or July. Mr. Holloman said the design will receive LEED certification.

Councilman Abernethy stated that we need at least two extra cans. He explained how the cardboard recycling is accepted in the industry and said they will pay for it when it is maintained clean and dry. He suggested we purchase two more dumpsters for busy weekends in order to replace the full ones. This will ensure the area remains clean for residents. He explained how the metal recycling is accepted.

Councilman Marquardt said if we purchase the truck now, this fits the larger plan. It would improve our ability to haul the garbage away. Councilman Abernethy agreed it increases the capacity to haul off the garbage. Councilman Marquardt suggested if it is in the budget, we should receive a quote for a new roll-off truck and Council can decide for the next year's budget.

Mr. Davis explained the procedure and layout of site for containers, in his opinion the Town should purchase the 40-yard capacity container to which Councilman Abernethy agreed as this would be in accordance with our long-term plan and it is the right investment for the larger cans. Mr. Clawson reviewed the design layout of the new site.

Vice mayor Kaufman wanted to discuss the rates and said the commercial fee schedule doesn't pay for the actual costs to the Town for the businesses. He suggested we address this issue and charge the actual costs

to commercial businesses. There was discussion of commercial costs and possible rate increase fees to actual market costs. It was suggested to research benchmark town and check their fees and charges. Vice mayor Kaufman noted that we are providing the services, but other customers are subsidizing the commercial businesses. It was stated that the Alpine Inn pays \$109 per week while large complexes and townhomes are only paying nominal fees. There was further discussion of the residential, single-family, multi-family and commercial charges. Mayor Castiglione reviewed the options and costs. She noted that increases to commercial businesses should match actual costs for the services and that customers should be compliant with our equipment policies to which Councilman Abernethy agreed. She added that another option could be that commercial businesses could contract with the Town or with the services of the contractor Republic and they could be given the option to decide.

Mr. Holloman summarized the discussion on the Sanitation services topic we could purchase the full capacity dump truck, which would in effect remove the metal container question from the discussion. Our commercial rates could increase. We can up fit the current layout of the Convenience Center until the new one is built or leave it as is and wait for the completed project improvements as previously discussed. He also noted we will ask for another employee once the new recycling center is completed which will help with the maintenance of the site. Council suggested we also receive a quote from Republic Services as to the actual costs and use that to determine the rate increase. Mr. Heaton stated he would investigate it and provide Council with that information.

7. LUNCH

8. REVIEW CITIZEN, STAFF AND MANAGER CONCERNS

- 8.1.** Citizen Concerns - were submitted to Town Council and read by Mr. Holloman the full transcript is listed in the retreat packet.
- 8.2.** Staff and Town Manager Issues- Mr. Holloman surmised the report which was submitted to Council in the retreat packet.
- 8.3.** Potential Complex Map- Mr. Holloman reported on a proposed purchase of the vacant land adjacent to the Public Works Department. Mr. Holloman suggested that this land could be used as the Town's safety complex, housing the Police Department and the Fire Department. There was a general consensus of Town Council directing the Town Manager and the Town Attorney to follow-up with contracting with the current heirs and owners of the property for purchase.

9. BRAINSTORM AND LIST COUNCIL CONCERNS

- 9.1.** Priorities and establishing goals:

Councilman Sauer agreed with a citizen's concern which was submitted to Council and the comment was regarding the issue of the Chamber of

Commerce. He asked if for the future, the Chamber of Commerce should be allowed to stay in the same building as the TDA and/or should they pay rent? Councilman Abernethy agreed and wondered if the Chamber of Commerce should least pay rent. Councilman Sauer continued and said it no longer functions as a Chamber. He was at the last meeting and at 1:00 p.m. the Chamber of Commerce went into closed session wherein Ms. Gavenus, the Director of the TDA, stayed in the closed session with the board members but the citizens left. He questioned this protocol. He stated the Town should have a compliance (code enforcement) officer.

Councilman Abernethy stated that the Landing Zone has been a priority and he questioned the reasons for this delay. He also brought up his concerns regarding the health insurance plan. He stated his other priority concerns are regarding infrastructure; specifically, the intake water source, the convenience center, as well as roads, striping roadway lines, ditches, leaves and debris in drains, paved gutters, grass cuttings, and tree trimming in the right-of-ways. Lastly, Councilman Abernethy requested a written vehicle preventative maintenance schedule. He noted each town vehicle needs to have this in place in order to maintain a pride in ownership and any dents or scratches need to be reported.

Mayor Castiglione stated her top list of concerns are communications and government transparency. For example, the water incident should have had a centralized communication system. She said there were several different sources between Facebook and the website, twitter, and the other forms of information sent out to citizens which gave updates and she was concerned with the format of all the sources and that they should be uniform. She believed we can have a central structure of communication and information. Mayor Castiglione questioned the updating of the website such as the boards and committees and asked if the TDA minutes were on the website, to which Town Clerk, Tamara Mercer stated the TDA minutes and agendas were posted on the website. Mayor Castiglione questioned the schedule of road maintenance and there was further discussion of the crews and their maintenance schedules.

Vice mayor Kaufman was concerned with deck inspections for residential and commercial structures. He stated that there should be a deck inspection every 3 -5 years depending on the age of the house or multi-family structure. Town Building Inspector, John Merritt reviewed the procedure for deck construction and said rental property must have deck inspections once every three years. He agreed that the Town can set up a process for checking compliance. The building code allows a deck to be built for 40lbs per square foot for residential and 100lbs per square foot for commercial stated Mr. Merritt.

Vice mayor Kaufman was also concerned about road improvements and road maintenance. There was a detailed discussion of the paving of high traffic roads as well as the improvements to Hawthorne, Pine Ridge, Greenbriar, Arrowwood, Dogwood to Lakeledge which would connect the loop. Mr. Kaufman said there needs to be directional NCDOT approved arrows on Pinnacle Road. He also suggested we have an electric informational sign warning traffic of the sled hill and of pedestrians and children crossing upon

entering Beech Mountain on Beech Mountain Parkway. The electric information sign can also notify of events such as the kite festival, etc. or we could have permanent signs.

Councilman Marquardt identified the water and sewer projects as a high priority. He noted that the water lines for Charter Hills are scheduled for the spring and then we should have Greenbriar Road improvements moving forward. He stated we have already prioritized and will move forward on the new public works facility. Councilman Marquardt stated a new snow gun should also be a priority.

Further concerns in general were litter on the mountain and Ms. Susie Knepka's use of her personal vehicle for town beautification and the decorating was discussed. Dry tubing added as a family activity on the sled hill in the off season was explained by Mr. Holloman as to how this works with poly-lanes. Security cameras for Town Hall, the Convenience Center and other parking areas was noted as was transportation service from Boone to Beech Mountain with local stops in between. Bike and multi-purpose lanes along roadways and working with the COG (High Country Council of Governments) was suggested. Lastly it was decided to put together a task-force committee to study the use of golf carts on the mountain.

10. PRIORITIZE CONCERNS AND ASSIGN CHAMPIONS

10.1. Sticky-dot voting: Town Council listed and prioritized their issues and concerns as facilitated by Ms. Wiggins.

Town Council Priorities List:

- 1 - New Public Works facility- moving forward with that project assigned champions are Councilman Marquardt and Councilman Sauer
- 2 - Land for Public Safety Building : place on Town Council agenda for February 11, 2019 Mayor Castiglione and Vice mayor Kaufman, assigned to this project.
- 3 - New Snow Gun : Mayor Castiglione and Vice mayor Kaufman for the sled hill.
- 4 - Health Insurance for the Town of Beech Mountain employees : Councilman Abernethy and Councilman Marquardt will attend the January 22nd Health Insurance presentation by the NC League of Municipalities and the dept. heads.
- 5 - Infrastructure : Watauga Intake project is on-going and on-track, Convenience Center, Roads including improvements and maintenance, ditches, drains, trees and other regulations addressed in the Code of Ordinances; Councilman Abernethy and Councilman Sauer.
- 6 - Road Paving : Hawthorne, Greenbriar, Arrowood, Dogwood, Dogwood to Lake Ledge Loop: Mayor Castiglione and Vice mayor Kaufman.

Issues and Concerns which also received lesser priority marks:

- 7 - Written PM schedule for Equipment/ Vehicles
- 8 - Landing Zone

- 9 - Susie Knepka vehicle reimbursement for use of private vehicle
- 10 - Biking plan for trails and roads
- 11 - Chamber of Commerce: future move or charge rent or a virtual office or stay in the same building
- 12 - Centralized Communications and Transparency : Town Communications Officer, a more detailed website including other modes and methods of communication such as the social media.
- 13 - Electronic Information Sign : portable versus permanent used for warning of pedestrian crossing at the sled hill, warning of weather and road hazards, advertise events, etc.
- 14 - Identify water/sewer infrastructure projects
- 15 - Town Code Enforcement Officer: compliance and complaint responder
- 16 - Deck Inspections: a 3-5-year program as per the age of the structure for residential / commercial deck structures.
- 17 - Directional Arrows: ex. Pinnacle south and DOT approved signage.
- 18 - Security cameras for Town Hall etc.
- 19 - Litter on the mountain: Adopt a Highway program, Beech Mountain Parkway and volunteers for outside town limits.
- 20 - Dry Tubing: summertime sled hill and attendant, creates year-round tourism
- 21 - Grass cutting outside Town limits such as Beech Mountain Parkway
- 22 - Golf Cart Committee
- 23 - Additional Buckeye Rec Center Staff
- 24 - NCDOT Bike Lanes- multi-use paths
- 25 - Convenience Center additions to new public works center
- 26 - Town Vehicles incident reporting, pride in ownership
- 27 - Transportation service to Boone - Banner Elk - Beech Mountain - Buckeye Rec Center

The wrap-up of the Town Council Retreat business concluded that a second day of a work-shop session would not be needed, and Julie Wiggins was thanked for her guidance and facilitating of the business.

Town Clerk

Mayor, Town of Beech Mountain