

**MINUTES**  
**BEECH MOUNTAIN TOWN COUNCIL**  
**Budget Meeting – May 25, 2011**

***I. CALL TO ORDER***

Mayor Rick Owen called the regular meeting of the Beech Mountain Town Council to order at 3:02 p.m., Wednesday May 25, 2011 in the Town Hall Council Chambers. Other Council Members present were Paul Piquet, Rick Miller, Cindy Keller and Alan Holcombe. Staff members present were Town Manager Randy Feierabend; Town Clerk Jennifer Broderick, Finance Officer Nancy Johnson, Public Utilities Director Robert Heaton, Public Works Director Riley Hatch, Town Planner James Scott, Building Code Administrator Stan Hanna and Fire Chief Robert Pudney.

***II. Pledge of Allegiance*** – All present joined in the Pledge of Allegiance to the flag.

***III. Adoption of Agenda*** – Councilman Miller motioned to adopt the agenda as presented. Councilman Holcombe seconded the motion and the vote passed unanimously.

***IV. Contract to Audit Accounts*** – Mayor Owen stated that the contract Council had before them was to contract for services with Holder Powell and Associate to complete the Towns audit. This firm has been used by the Town for many years. Finance Officer Nancy Johnson stated that the contract includes a daily penalty of \$100 should the audit not be submitted to the State on or before October 31, 2011. Vice Mayor Piquet motioned to approve the contract. Councilman Miller seconded the motion and the vote passed unanimously.

***V. Budget Discussion*** – Mayor Owen opened the floor to Manager Feierabend. Manager Feierabend began the power point presentation by stating that the General Fund Revenue was projected at \$3,669,516. This is where the ad valorem collection rate currently stands. With regards to the General Fund Revenue from the State it was important to note that the State Powell Bill contained a one-time extra payment this year. Occupancy Tax Revenue was budgeted at \$185,000 of which 1/3 would go to the Recreation Center and 1.5% would be transferred to Administration for services performed by the Towns Finance Officer. Watauga County will only be providing the Parks and Recreation Department with \$2,500 versus the \$5,000 that had been received in previous years. The General Fund Total for this years' budget was \$4,549,361. The General Fund Capital Outlay had been set up to purchase the following: new software for Town Hall, a copier for Town Hall, insulation for Town Hall, a sign at the bottom of the mountain, chairs for the Council Chambers, a television for the Council Chamber, a new patrol vehicle, Streetscape improvements, a Keyguard system for the Towns fuel tanks, a pothole patcher on a trailer, a striping machine, a swap loader/sand truck, showers at Buckeye Recreation Center, cardio fitness equipment, a truck for the Utilities Director, a utility service truck, leak collectors and a generator for the Pinnacle Inn. Last year the Town changed their health benefit carrier. As a result of this change the Town had recouped thru May 15, 2011 a total savings of \$61,276. Within the budget there was a proposed 3% merit increase based on evaluations that had been completed; a 2% Cost Of Living Allowance of which the Consumer Price Index April 2010 to April 2011 showed an increase of 3.2%. Additionally there was a proposed 1% incentive. Manager Feierabend noted that the Water and Sewer Fund Revenues must be separated from the General Fund. If the Town needs to borrow money for a water or sewer project the Local Government

Commission does not allow for these monies to be paid back from the General Fund. These monies must be paid back from the Towns Water and Sewer Fund. The total Water and Sewer Fund Expenses is projected at \$1,857,298. This figure will need to be increased by \$44,000 to include a backwash cleanup. Capital Outlay for the Police Department included a backup radio for dispatch. Capital Outlay for E-911 monies had been set up to purchase a FLIR thermal unit, rifle upgrades and an expansion of Town Hall for the Police Department. Should there be enough funds left over than the Police Department would also purchase their patrol vehicle out of these monies. It was important to note that the State was granting a onetime opportunity for 50% of the Capital Outlay for E-911 funds in reserve as of June 30, 2010 to be spent for such items. Those funds of the 50% that were not spent by the Town would have to be returned back to the State. Mayor Owen stated that this overview helped to put everything together.

### **Salary and Wage Projections**

Mayor Owen asked for Council comments on the proposed salaries, benefits and incentives. Finance Officer Nancy Johnson stated that health benefits increased .7% and dental had increased by 6%. Councilman Miller stated that compared to other communities in the area the Towns plan was very good. Councilwoman Keller inquired about the calculations for the Cost of Living Allowance and Merit and whether the figures in the rest of the budget were a true reflection of these costs. Manager Feierabend stated that these figures represented the ceiling. The average evaluation score was 82 for employees. Mayor Owen asked about the coverage for insurance specifically for family of staff. Mayor Owen was not recommending doing away with the Towns current benefits for its employees but did acknowledge that at some point in time monies may not be available. Mayor Owen felt that it was important that employees be given a heads because this could be a large decrease in salary.

### **Capital Requests**

Mayor Owen stated that the next area that Council would address were the capital requests. Councilman Miller stated that he definitely wanted the sign at the bottom of the mountain; the television for the Council Chamber seemed like a plus, the Council Chamber chairs he could go either way, the Streetscape improvements have \$15,000 but would not mind seeing that increased having heard nothing but good compliments on this project. Additionally the \$10,000 for the recreation centers cardio equipment needs to be spent. Vice Mayor Piquet stated that if Council needed to cut as the budget was reviewed then he did have a few items for consideration. Councilman Holcombe felt the same as Vice Mayor Piquet. Councilwoman Keller did not believe that the Town should be spending money for the television nor for the chairs for the Council Chamber. Councilwoman Keller also felt that the Keyguard system was an expensive solution and would be more in favor of a security camera. Councilwoman Keller thought that the Stripping machine was a good investment and was not opposed to installing 2 showers at Recreation Center.

### **General Fund**

Mayor Owen began discussion with the General Fund. Councilwoman Keller stated that last year they received the actual figures from the previous year. Mayor Owen asked for a comparison to be made available for the last 2 fiscal years for the next budget meeting; suggesting a power point presentation. Additionally staff was requested to e-mail this information to all Council members. Councilwoman Keller asked if all of the budget amendments could be made available. Mayor Owen stated that the figures were reflected properly in the actual. Mayor Owen stated that when Finance Officer Nancy Johnson provides these updates the actual numbers would be a more accurate reflection on how the Town was going to end the year.

**10-335-0005 Transfer From Tourism Development Authority** – Mayor Owen asked why this had been reduced from 3% to 1.5%. Manager Feierabend explained that the Tourism Development Authority now handles their own minutes but that the Town still handles their finances.

**10-335-0011 Special Events Income** – Councilman Miller asked what this line item represented. Staff informed Council that these were monies from A Cool 5.

**10-345-0000 Local Sales Tax** – Finance Officer Nancy Johnson pointed out that the additional ½ cent local sales tax and additional ¼ cent local sales tax had been moved into this budget line item.

**10-399-0000 Fund Balance Appropriated** – Finance Officer Nancy Johnson stated that the fund balance appropriated of \$172,078 had to do with the land purchase.

**10-335-0005 Transfer From Tourism Development Authority** – Mayor Owen brought Councils discussion back to this line item indicating that Council had received copies of a letter from the Tourism Development Authority. Tourism Development Authority Chairman Calder Smoot spoke to Council stating that the occupancy tax receipts have been tough the past 2 to 3 years. The Tourism Development Authority would like to place themselves in a position to hire a professional person to assist in expanding their marketing in attracting visitors from Atlanta, Florida, etc. The idea is to get more people coming which generates more occupancy tax and supporting the community at large in all of its business endeavors. Mayor Owen stated that a professional employee would be very beneficial to the Tourism Development Authority and that it was unfortunate that it has come to a crisis before this decision could finally be made. The concern is that the Tourism Development Authority does have an obligation to give the Town that money. The money that is going to the Recreation Center is only about 10% of the Recreation Center budget which includes the building and all of its trails. These funds are an investment in recreation not in the physical building itself. Mayor Owen stated that he was not opposed to working with the Tourism Development Authority in which a partnership could be fostered. Mayor Owen pointed out areas that the Town has absorbed costs from the Tourism Development Authority such as the sledding hill, lights and trails. Mayor Owen would like to see a request where the Town is helping to facilitate the employee versus just taking those funds away. Vice Mayor Piquet concurred with the Mayor Owens opinion. Chairman Smoot stated that the Tourism Development Authority simply wanted to move in a positive direction. Councilman Holcombe stated that it is nice to have all of these facilities available but if the word does not get out then people do not come. Councilman Holcombe was of the opinion that the more money that can be pumped into the Tourism Development Authority the better off the Town would be. Councilman Holcombe stated that representatives from Ski Beech, the Beech Mountain Club, the Tourism Development Authority and Council should sit down together to figure out how everyone can work together. Councilwoman Keller stated that it was a big quagmire and that advertisement was a necessity in order to get people to vacation here. Councilwoman Keller stated that the Tourism Development Authority now has a professional on staff part time and would like for the Tourism Development Authority to have the opportunity to see how advantageous this could be. Vice Mayor Piquet asked if this individual would be able to handle what the marketing firms have been handling. Tourism Development Authority member Candi Catoe spoke stating that there would be a marriage of marketing group and professional but that the professional would be coordinating. Councilman Miller stated that putting a committee together sounded like a good idea. Mayor Owen asked what the monies that the Tourism Development Authority was asking to retain from the Town would be going towards. Chairman Smoot stated that these monies would go towards the employees' salary. Chairman Smoot further explained that the Tourism Development Authority has refrained from becoming employers because they contract for services. Councilman Miller asked if this is what the

previous Tourism Development Authority Chairman, Charlie Burleson, had wanted to happen. Mayor Owen asked if they had thought about this employee being a Town employee. Mayor Owen directed Chairman Smoot to set up a meeting within the next 24 hours for these issues to be discussed. Council selected either Mayor Owen or Vice Mayor Piquet to attend the meeting along with either Councilwoman Keller or Councilman Holcombe. The final decision would be made depending on who was available.

#### **General Fund Administration**

***10-410-7400 Capital Outlay; 10-410-8400 Debt (Principal); 10-410-8401 Debt (Interest)*** – Mayor Owen inquired about the software. Finance Officer Nancy Johnson stated that all of the software would be paid for out of Administration and can be financed for 2 to 3 years. The software would allow for all departments to interface. Unlike the Towns current software this would include the Planning and Building Code Department. Manager Feierabend stated that Elizabethton Tennessee uses this software and that staff visited and viewed the software in use.

***10-410-9106 Mountain Ambulance*** – Council agreed with the contribution of \$1,000.

***10-410-3303 Christmas Lights*** – Council agreed to reduce this line item from \$6,000 to \$3,000.

***10-410-1602 Landscaping*** – Councilman Miller questioned the low figure that was being paid to the laborer. Council agreed to increase the \$3,300 for labor to \$5,000.

***10-410-7400 Capital Outlay*** – Councilman Holcombe felt that the request for the Council room chairs, television for the Council room and sign should be removed. Councilman Miller was not in favor of discarding the sign. After much discussion Council instructed staff to remove the \$33,500 from the budget.

***10-410-9112 Contribution to Beech Mountain Tourism Development Authority*** – Councilwoman Keller inquired if the \$5,000 that had been lent to the Tourism Development Authority had been paid back yet. Staff was instructed to follow up with the Tourism Development Authority regarding this reimbursement.

There was concern over the fees that were being charged especially with regards to credit cards. Finance Officer Nancy Johnson stated that a fee schedule would be provided for Council to review.

#### **Tax**

There were no concerns.

#### **Police**

***10-510-0201 Reserve Officer Salary*** – Finance Officer Nancy Johnson stated that this line item has been combined with 10-510-0200 salaries.

***10-510-6100 Gas & Fuel*** – Councilman Miller asked if the Town received a discount when purchasing gas. Finance Officer Nancy Johnson stated that the Town does not pay tax. Public Works Director Riley Hatch stated that the gas is purchased through a State contract so there is a discount.

## **Fire**

***10-515-9100 Contribution to Volunteer Fire Department*** – Fire Chief Robert Pudney explained to Council that the Pay Per Call Plan was designed in a manner to not exceed the budgeted amount. This system allows the department to put off hiring another employee. Mayor Owen inquired about the Volunteer Fire Departments finances. Chief Pudney stated that he would provide Council with an up-to-date budget report.

## **Building Inspections**

***10-540-4200 Contract Services*** – Town Planner James Scott advised that these monies were requested in order to enable the department to have a back up inspector for periods of time when staff may be on vacation.

## **Planning Department**

***10-541-4202 Contract Services*** – Town Planner James Scott stated that currently the Town has hired an intern to assist with the department. Planner Scott stated that the intern was doing a superb job.

***10-541-7400 Capital Outlay*** – Mayor Owen felt that staff may want to move this line item into a different department feeling that this expense for the Streetscape improvements could be confusing in the future.

## **Vehicle Maintenance Expenses**

***10-555-3600 Uniforms*** – Councilwoman Keller questioned this expense. Staff informed Council that steel toed boots were necessary for employee safety.

***10-555-7400 Capital Outlay*** – Council agreed to remove this line item for the proposed Keyguard system for fuel tanks. Mayor Owen requested that staff start taking weekly readings and submitting them to the Finance Officer.

## **Road Maintenance**

***10-560-2100 Rent*** – Councilman Holcombe asked if the Town was still trying to pursue purchasing this parcel. Manager Feierabend confirmed that discussions had been ongoing.

***10-560-3301 Signs*** – Manager Feierabend advised that the stop signs on the Towns major thoroughfares were the priority for replacement. With these monies the Town staff would begin this process by replacing the wooden stop signs with reflective stop signs.

***10-560-3303 Road Striping*** – Councilwoman Keller verified that this line item was not for contract service but for materials for the proposed Striping machine.

***10-560-7408 Resurfacing*** – Councilman Miller stated that he would like to see this amount increased. Manager Feierabend stated that with what was budgeted the previous year there was approximately 5,000' of road that would be resurfaced this spring. Councilman Miller proposed an additional \$40,000 be added. Vice Mayor Piquet felt it was better to fund a whole resurfacing project. Mayor Owen asked for staff to bring back figures on the next road projects and stated that Council would revisit this topic at their next budget meeting.

Mayor Owen stated that Council would start the next meeting on June 1<sup>st</sup> at 3:00 p.m. with the Recreation Departments budget.

Councilman Miller made a recommendation that staff bring a price on a sign back to the next meeting. Councilman Holcombe asked staff to check on the regulations regarding sign reflectivity with the State Department of Transportation. Councilwoman Keller stated that the budget as presented involved taking \$118,000 out of savings and borrowing approximately \$550,000.

Councilwoman Keller stated that the engineers report had still not been received.

Mayor Owen stated that Council would take a 5 minute break at 5:51 p.m. Town Clerk Jennifer Broderick was excused for the remainder of the meeting.

**VI. Closed Session – Pursuant to NC GS 143-318.11(a)(6) Personnel Matters** – Manager Feierabend was excused from Councils closed session discussion. Upon motion by Councilman Miller and seconded by Councilman Holcombe, the Council voted unanimously to go into closed session pursuant to N.C. Gen. Stat. 143-318.11(a)(6) for Personnel Matters at 6:08 p.m. Councilman Miller moved to exit closed session at 6:28 p.m., which was seconded by Councilman Holcombe. The motion passed unanimously.

**VII. Other Business** – There was no other business to discuss.

**VIII. Adjourn** – Upon motion to adjourn made by Vice Mayor Piquet and seconded by Mayor Owen, the meeting was adjourned at 6:34 p.m. The motion carried unanimously.

Minutes approved by Town Council on June 14, 2011.

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Rick Owen, Mayor

ATTEST:

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Jennifer Broderick, Town Clerk