

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Budget Meeting – June 1, 2011

I. CALL TO ORDER

Mayor Rick Owen called the regular meeting of the Beech Mountain Town Council to order at 3:04 p.m., Wednesday June 1, 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 and Fire Chief Robert Pudney.

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

III. Adoption of Agenda – Mayor Owen stated that the budget would stand as presented.

IV. Budget Discussion – Mayor Owen stated that Council would begin discussion with where they left off at the previous meeting with the Recreation Department.

Recreation Department

10-621-0200 Salaries – Councilman Miller asked if the \$266,057 projection included monies for the vacant position. Manager Feierabend confirmed that it did.

10-621-1601 Building & Grounds Maintenance – Mayor Owen stated that in the future all light bulbs will be required to be compact florescent bulbs. Councilwoman Keller inquired what the DW represented. Manager Feierabend stated that this was for driveway improvement. Councilman Miller inquired about the walking track. Manager Feierabend pointed out that this was another reason for the Town to acquire a patching machine. This machine would be able to assist in taking care of this project.

10-621-1200 Data Processing – Mayor Owen asked about the three new computers. Finance Officer Nancy Johnson stated that this would enable the Recreation Center to establish 2 new work stations. Manager Feierabend stated that the other monies would go towards providing the Recreation Activities Coordinator with a laptop. This money had been set aside in the previous budget but had to be used for other expenses.

10-621-3300 Supplies & Materials – Councilwoman Keller wanted more information on the line item. Manager Feierabend stated that the line item reflected \$3,500 for office supplies, \$4,500 for cleaning supplies and \$500 for the kitchen supplies.

10-621-3303 Trail Maintenance Supplies, Kiosks, Bridges – Mayor Owen inquired into the large decrease in requested funds. Finance Officer Nancy Johnson responded that the line item had included monies for building the trail in the previous years' budget.

10-621-5700 Advertising – Councilwoman Keller mentioned that Woody Stoudemire with Gotham Marketing had advised the Tourism Development Authority that it would be a good idea to have the contents of the booklet that the Recreation Department creates integrated with the advertising being

completed by the Tourism Development Authority. Councilwoman Keller felt that this was a good idea. Mayor Owen agreed with the Town having a cohesive look but felt that the Recreation Department was doing a good job.

10-621-6200 Vehicle Maintenance – Councilman Miller asked if the Recreation Center received hand me downs from the Police Department. Manager Feierabend stated that this was true.

10-621-3301 – Equipment – Mayor Owen asked if the \$7,000 amount for the purchase of the All Terrain Vehicle was in the budget. Finance Officer Nancy Johnson stated that the amount was not included in this line item of the budget. Manager Feierabend stated that this line item was for new ping pong tables, a snowplow for the utility vehicle, tennis nets, weed-whackers, garden tools, shovels, hoses, hedge trimmer, garden tiller, sled hill trailer, tennis wind screens and community garden shed. Vice Mayor Piquet stated that he would like to see removed the \$1,500 for the new ping pong tables.

10-621-9500 Transfer to Facility Maintenance Reserve – Vice Mayor Piquet thought that Council had put aside \$30,000 and asked why the figure was at \$21,650. Vice Mayor Piquet questioned where the rest of the money was and thought that the total figure should be \$55,000 with the proposed \$25,000. The line item shows that no expenses came out of it. Staff was directed to look at this line item and to get back to Council with an answer.

Vice Mayor Piquet brought up the heating system at the Recreation Center. Building Code Administrator Stan Hanna had indicated that the more prudent time to gather estimates would be during the summer and not during the winter. Manager Feierabend stated that he would have staff follow up with attaining price quotes.

Councilwoman Keller asked if the Recreation Center would have to use their air conditioning less if the windows at the facility opened. Manager Feierabend pointed out that the fan is now functioning properly in the basketball and tennis court areas and that these areas do not have air conditioning.

10-621-7400 Capital Outlay – Councilwoman Keller stated that she was not opposed to the Recreation Center having showers made available but was opposed to financing the project. Vice Mayor Piquet stated that the \$10,000 for the proposed showers were a nice amenity but felt that it was a lot of money for the Town to spend right now. Councilman Miller stated that there are constant complaints about the Recreation Center not having any showers.

Total Recreation Expenses – Mayor Owen clarified that the \$7,000 for the All Terrain Vehicle should be reflected in total expenses changing the \$762,693 to \$769,693.

Road Maintenance

10-560-7408 Resurfacing – Mayor Owen stated that Public Works Director Riley Hatch had provided figures for future resurfacing projects. The 3/10s of a mile portion on Charter Hills Road would cost \$55,000. To finish paving St. Andrews the cost would be \$199,056. This cost was based on 9/10s of a mile of road and ditch line being paved and 2/10 of a mile of just road being paved. Currently the Town has budgeted \$160,000. Councilman Miller asked about including the first 3/10s of Charter Hills into this years' budget stating the poor condition of the road required stabilization sooner rather than later. Vice Mayor Piquet felt it was more important to do a road in its entirety versus patch paving. Mayor Owen stated that he would like to drive down Charter Hills before making a decision. Manager Feierabend suggested holding off on a decision and seeing

where the Towns General Fund Reserve Balance was at in the upcoming spring. Council instructed staff to include an additional \$40,000 from the General Fund Reserve in order to finish the paving on St. Andrews.

Water/Sewer Fund

30-399-0000 Fund Balance Appropriated – Finance Officer Nancy Johnson advised Council that the \$334,840 had been returned to the General Fund.

30-720-5701 Bank Service Charges – Councilman Miller inquired if staff had looked into these service charges that all of the departments had been receiving. Finance Officer Nancy Johnson provided a breakdown of all of the fees to Council. Finance Officer Johnson stated that the bank did indicate that they would look into getting these fees reduced and expected a response from them next week. Vice Mayor Piquet stated that staff should shop around and see what other places are willing to do for the Town. Mayor Owen stated that another option was for the Town to stop offering this service since the Town had no obligation to do so. Staff was instructed to continue researching the subject. Councilman Holcombe asked if they could require customers to use only a bank credit card. The fee for this type of card was a lot less expensive.

Water Department

30-812-4200 Contract Services – Councilwoman Keller questioned the removal of sludge. Public Utilities Director Robert Heaton stated that this sludge had been building up for many years and that the Town was running out of storage room.

Mayor Owen asked what plans the Town had for painting its tanks. Public Utilities Director Robert Heaton stated that Mairon Rothrock with Rothrock Engineering is checking with companies. Currently the Town is trying to establish if it would be best to move forward with a contract for services for individual tanks or if a long term contract for all of the Towns tanks would be more beneficial.

Sewer Department

30-822-4200 Contract Services – Public Utilities Director Robert Heaton informed Council that this line item had been increased because of the need to haul off Biosolids and to complete needed electrical work.

30-852-6301 Road Maintenance Charge – Manager Feierabend explained that the Utilities Department and Public Works Department share employees during the winter time for the purpose of snow removal.

Councilwoman Keller inquired about the leak detectors. Public Utilities Director Robert Heaton stated that so far the leak detectors had been working very well and that approximately 40% of the paved roads had been tested.

Sanitation Fund

35-335-000 Sanitation/Recycling Revenue – Councilwoman Keller asked why this line item seemed to be running so far behind. Staff was instructed to report back to Council their findings.

E-911 Fund

65-375-0000 Statewide 911 Fees – Mayor Owen asked Manager Feierabend to explain the reduction of funds. Manager Feierabend stated that as a result of the new formula being used by the North

Carolina 911 Board the Town will receive \$92,216 which was a loss of approximately \$42,000. Originally the North Carolina 911 Board was trying to cut out all the small primaries that did not have a full time dispatcher along with a full time supervisor working twenty-four hours a day. This would have heavily impacted a lot of rural municipalities as most do not have a supervisor on at night. Instead the North Carolina 911 Board ended up changing the formula for distribution. The amount of money received is now weighted more on the number of calls.

65-399-000 E-911 Transfer from Reserve – Finance Officer Nancy Johnson confirmed that these monies in the amount of \$137,677 were the monies that the Town must spend by July 1, 2012 or return to the State. These funds have to be spent on Police/Public Safety items.

Councilman Miller stated that the dormers are rotting on the Town Hall building and that it needs to be painted. Manager Feierabend stated that this has been discussed with the Police Chief. Manager Feierabend stated that the addition being looked at was roughly 1,000 square feet. The square footage depends on whether the Town will be leaving a patio area by the side of the building or not. Councilman Holcombe stated that Pinnacle Inn had recently completed painting their buildings and was of the understanding that the paint had a 30 year warranty. Councilman Holcombe recommended that staff look into this product and see if it is worth it. Councilman Miller questioned this type of warranty on paint. Manager Feierabend asked if Council was ready to move forward with staff gathering a few different architectural drawings and quotes. Councilwoman Keller questioned paying an architect and whether a good drafts person could handle this. Staff was instructed to gather information for Council for this project.

Councilman Miller questioned Council about his sign request. Council confirmed that the sign request was still under consideration.

Mayor Owen directed Council to look at the Towns debt service schedule. As the Town continues to spend every penny that is generated each year the debt schedule starts to play a major factor in future decisions. In theory as these loans are paid off then these monies will become the available cash. Frankly with the budget that the Town is looking at all of these monies are being spent including the delinquent tax collection. The Town has spent approximately \$600,000 more than the Town is bringing in. Mayor Owen then directed Council to look at the debt schedules in the back of their packets to see when monies will become free. The consequence of creating budgets this way is that the Town will either be looking at dipping into savings or raising taxes in the future if more money is needed. The water and sewer rates are getting to where they need to be but these revenues are still not going to be enough to cover all of the capital improvements needed for infrastructure. The General Fund is not self sustaining and it appears that the Town is getting more and more in debt. Mayor Owen urged Council to remain consciences about what the goals of the Council were stating that moving forward the budgets are going to get tighter. Mayor Owen informed Council that the intended purpose of the 9 cent tax increase that was passed by a previous Council was that these funds would be put into the Fund Reserve to go towards future capital projects.

Council revisited employee benefits. Councilwoman Keller stated that she did not have a problem with the proposed Cost of Living Allowance. However Councilwoman Keller was not in favor of giving raises but was in favor of giving bonuses so that the Town was not forever married to these increases. Councilwoman Keller stated that a 6% increase for employees would be a total increase in cost of 8.5% for the Town. Councilman Miller stated that the increases would be based on evaluations and would not be for the full proposed amount. Manager Feierabend stated that these figures are pretty close. Vice Mayor Piquet stated that he was in agreement with the way that the

employee salaries were set within the budget and that the Cost of Living Allowance simply keeps people even. Vice Mayor Piquet stated that the Town's benefits should be exemplary. Councilman Holcombe stated that historically the Town has had periods of time where employees have not received any raises. Councilman Holcombe stated that the employees' benefits did need to be looked at real hard in order to determine whether Council should move forward with a bonus program. Councilman Miller stated that surrounding areas were doing approximately the same thing within their own budgets that the Town was proposing to do. Councilman Miller asked what number Councilwoman Keller would be basing the bonus on. Councilwoman Keller stated it would be what her wallet could afford. Mayor Owen stated that one of the issues with bonuses is that it takes the Town down the same path that Beech Mountain previously found themselves dealing with; making the Town uncompetitive with other businesses in the job market. Mayor Owen felt that the system for merit pay had greatly improved and strongly supported the Cost of Living Allowance. Vice Mayor Piquet stated that the way the merit raise was being implemented it was a true merit raise. If Council decided to only grant the employees the Cost of Living Allowance then the truth is that employees are not receiving a raise. Mayor Owen stated that this brings to light the insurance and that in the future the Town may not be able to continue to afford this cost. Councilman Miller asked about hypothetically starting a new policy for any new employees or employee changes but grandfathering in those employees currently with the Town. Councilman Miller believed that Council should not rush into any decisions. Mayor Owen stated that the Town needed to be conscious of this so that a strategy could be planned out properly and employees were given advanced notification.

Mayor Owen stated that the public hearing for the budget was scheduled for June's regular Council meeting and that Council could then decide if another budget workshop was necessary.

Councilman Miller asked the department heads that were present to provide Council with feedback regarding employee insurance. Public Works Director Riley Hatch suggested polling the employees. The Town's benefits have always been a large asset for the Town. Public Utilities Director Robert Heaton stated that he did understand that what the Town currently has in place is probably not sustainable. Fire Chief Robert Pudney stated that the situation is not unique to Beech Mountain. However as a government entity the Town is a service industry and that in order to provide this product you have to have people to provide these services. Decreasing employee benefits will eventually decrease the ability to provide the service that the community is accustomed to. The reason a high percentage of the budget is employee cost is because that is the business that you are in. These monies are a long term investment in the Town's service delivery component. Cutting a little here and there will eventually have a negative impact in the long run. Public Utilities Director Robert Heaton stated that the average age of an operator in his field is 52 years old. This industry is having a hard time finding people that want to do this type of work. It is important that the Town grow their employees through training and keep their employees. Eventually Beech Mountain will have to start actively recruiting and competing with incentive packages. Mayor Owen appreciated staff's comments.

Councilwoman Keller stated that Council was still waiting on Marion Rothrock's water and sewer study.

V. **Adjourn** – Upon motion to adjourn made by Councilman Holcombe and seconded by Vice Mayor Piquet, the meeting was adjourned at 5:23 p.m. The motion carried unanimously.

Minutes approved by Town Council on June 14, 2011.

Rick Owen, Mayor

ATTEST:

Jennifer Broderick, Town Clerk