

**MINUTES**  
**BEECH MOUNTAIN TOWN COUNCIL**  
**Special Meeting – May 20, 2014**

***I. CALL TO ORDER***

Mayor Owen called the special meeting of the Beech Mountain Town Council to order at 4:05 p.m., Tuesday May 20, 2014 in the Town Hall Council Chambers. Other Council Members present were Alan Holcombe, Paul Piquet, Cindy Keller and E. 'Rick' Miller. Staff members present were Town Manager Randy Feierabend; Town Clerk Jennifer Broderick, Town Planner James Scott, Public Utilities Director Robert Heaton, Public Works Director Riley Hatch, Fire Chief Robert Pudney, Finance Officer Nancy Johnson, Parks and Recreation Director Sandy Carr and Police Chief Jerry Turbyfill.

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

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

***IV. New Business***

- a. Sanitation Budget Amendment*** – Mayor Owen stated that it is for \$21,000 vehicle repairs. Vice Mayor Piquet motioned to approve the sanitation amendment to the budget. Councilman Miller seconded the motion and the vote passed unanimously.

***Budget Items*** – Manager Feierabend stated that Council had two items in front of them. One item showed some clerical adjustments caught by Finance Officer Nancy Johnson. The second sheet in front of Council was a request from Department Heads where they felt that their department was cut a little too deep. Manager Feierabend stated that this list totaled \$8,300 and asked that Council consider including it back into the budget. This included increases to the following line items: 10:460-4201 Tax Department Contract Services \$500 for a total requested budget line of \$2,500; 10.510-3300 Police Department Supplies and Materials \$2,000 (defibrillator) for a total requested budget line of \$16,000; 10.541-1200 Planning Department Data Processing \$850 (GIS software) for a total requested budget line of \$2,200; 10.541-4203 Planning Department Summer Intern for reimbursement in the amount of \$200 for a total requested budget line of \$1,000; 10.560-1600 Public Works Department Repair and Maintenance \$1,500 for a total requested budget line of \$18,000; 10.560-6200 Public Works Department Vehicle Maintenance \$2,000 for a total requested budget line of \$23,000; 10.621-3305 Parks and Recreation Department Sled Hill Supplies \$750 for a total requested budget line of \$3,500; 10-621-6200 Parks and Recreation Department Vehicle Maintenance \$500 for a total requested budget line of \$3,000. Mayor Owen asked that staff point out these line items as Council went through the budget.

- b. Insurance*** – Gene Tucker, President and CEO of Tucker administrators reviewed the total in savings on an annual bases since the 2010 – 2011 fiscal year. The total savings has been \$342,921.96. The Town of Beech Mountain has used

approximately \$166,000 for other employee benefits which leaves approximately \$177,000 in savings to the Town of Beech Mountain. Mr. Tucker explained to Council that the proposed plan that they were encouraging the Town to go with was to change insurers, and to keep the current coverage for the employees the same, going to a level funding plan with a max cost of \$692,480. This \$692,480 expense will be offset by the previously referenced \$177,000 savings for a total fiscal year 2014 – 2015 cost of approximately \$515,000. Vice Mayor Piquet asked if this insurance was going to cost about the same as previous years. Mr. Tucker stated that this was true and provided the plan costs. Councilwoman Keller stated that Tucker Administrators was asking that the Town take their health benefit savings with the hopes that the number of claims would be approximately the same as it had in years before. Mr. Tucker stated that the Town was not going to be spending this money but that the money would be put into a different Town account and then put back minus the Life Insurance and the Dental Insurance. Mr. Tucker explained the \$25,000 deductible. Mr. Tucker advised that staff has completed their health statements and that these figures are based off of these completed health statements. Councilwoman Keller asked what happened to the \$10,000 deductible plan. Mr. Tucker explained that the Patient Protection and Affordable Care Act does not permit this kind of plan anymore. Councilwoman Keller asked what the downside was. Mr. Tucker advised that the worst case scenario was that the Town would spend \$692,480. Mr. Tucker explained that approximately 40 people would have to be in the hospital using the health plan for this to happen. Mayor Owen asked how the Patient Protection and Affordable Care Act affected the Town. Mr. Tucker explained this was because the Town had over 50 employees, and that this was a change was made late by the government. Mayor Owen asked about claims history. Mr. Tucker provided examples of claims history stating that the claims had been approximately \$45,000 the first year, \$55,000 the following year, \$67,000 the following year and \$65,000 this year. Mr. Tucker stated that he has taken that number and increased it dramatically to get to the \$692,480. Mayor Owen asked how the Town compared to other entities that were of similar size. Mr. Tucker stated that the Town's numbers were right on par. Vice Mayor Piquet stated that the \$450,000 is based on the Town's history. If this is the case then the Town can maintain the same level of benefits at the same cost. Manager Feierabend stated that the Town has been good in keeping stability. Councilman Miller stated that if we come in at the \$450,000 then there will be around \$200,000 in the bank. Mr. Tucker stated that this money still had to be used for employee benefits only. Councilman Miller asked if the Town had less than 50 employees if the insurance would have cost less. Mr. Tucker stated that it would have been about the same. Mr. Tucker pointed out that with the \$25,000 deductible plan the Town is paying \$100,000 less than the \$10,000 deductible plan that they were currently using. Manager Feierabend stated that he believed in this plan. Manager Feierabend stated that he would recommend building the savings up a bit more if the Town was going to continue down this direction so that the savings will have a nice cushion in case of emergency. Mayor Owen asked if there was a potential to add to the savings. Mr. Tucker stated yes. Councilman Miller asked if this does anything to employees to raise their premiums. Staff confirmed that it did not. Finance Officer Nancy Johnson stated that this money was in the fund reserve. Manager Feierabend further explained that this money was earmarked. Mayor Owen

asked if staff had any questions, hearing none he thanked Mr. Tucker for the presentation. Staff confirmed that Cigna was the plan carrier that Council was considering. Councilwoman Keller confirmed that the proposed budget had used the \$692,480 figure for health insurance.

- c. Council Budget Discussion** – Finance Officer Nancy Johnson explained the additional information before Council which included clerical errors; Manager Feierabend stated that the other item was that the Town would realize approximately \$80,000 in savings due to the employer portion of the State Retirement dropping from 12.01% to 7.07% for general employees and to 7.55% for law enforcement. These figures needed to be updated in the budget. Mayor Owen stated that Council would start with revenue and go through the budget in chronological order.

**General Fund** – Mayor Owen stated that discussion would begin with the General Fund.

**10.355-0000 Miscellaneous Revenue** – Mayor Owen asked why this budget line item had dropped. Manager Feierabend stated that he and Police Chief Jerry Turbyfill had attempted to negotiate with Mountain Electric on the services that the Town was providing, as a late night call center, but that Mountain Electric had informed them that they were steering away from these types of local arrangements and going towards a district wide location calling center. Manager Feierabend stated that staff was trying to gain an additional benefit of some free street lights for the service the Town was providing but that their response back to us was that they are going away from local services. Mayor Owen asked why the Town wanted to get rid of it. Police Chief Turbyfill stated that the Town did not want to get rid of it. Councilman Miller asked what dispatch was going to do when individuals called. Police Chief Turbyfill stated that staff will take the individuals information and then pass it along. Mayor Owen stated that the Town had received better service from Mountain Electric then they had prior to establishing this working relationship.

**10.301-000 and 10.301-0001 Tax Revenue** – Manager Feierabend stated that Avery County's revaluation created an 19.6% decrease in the Town's revenue stream and that Watauga County's revaluation created a 8.6% decrease in the Town's revenue stream. Finance Officer Nancy Johnson pointed out the difference between the department proposed and the manger proposed columns of the proposed budget. Councilman Miller confirmed that the collection rate was slightly over 97%. Manager Feierabend stated that the proposed budget is based on a revenue neutral rate of \$.732.

**10.335-0014 Fire Department Revenue** – Vice Mayor Piquet made an inquiry about this budget line item. Fire Chief Bob Pudney stated that this money came from anticipated donations and monies received at the county level that the department needs to run.

**10.345-0000 Local Sales Tax** – Councilman Miller asked about this budget line item. Manager Feierabend stated that this was based on the regular amount of revenue that the Town had been receiving.

**10.337-0001 Cable Television Franchise Tax** – Councilman Miller questioned the source of this revenue. Finance Officer Nancy Johnson stated that it comes from the State.

**10.399-0008 Transfer from Tourism Development Authority to Recreation** – Councilman Miller confirmed that this had stopped.

**10.399-0009 Transfer from Tourism Development Authority to Administration Salaries** – Councilwoman Keller questioned this line budget line item. Finance Officer Nancy Johnson confirmed that was for the Tourism Development Authority position.

### ***General Fund Administration***

**10.410-0200 Salaries** – Mayor Owen asked what employees this line item covered. Finance Officer Nancy Johnson stated that this included the Town Manager, Finance Officer, Town Clerk, 2 employees from Water/Sewer Administration at 50% and a new Building Maintenance Worker.

**10.410-1001 401(k)** – Councilwoman Keller asked about the negative news that has been circling about 401k plans that have excessive fees. Manager Feierabend stated that these monies were invested through a State offered 401k plan through Prudential.

**10.410-1602 Landscaping** – Councilman Miller asked if this budget line item included paying Susie Kneпка. Staff stated no.

**10.410-1601 Building and Grounds Maintenance** – Mayor Owen asked what was requested that was not funded. Finance Officer Nancy Johnson stated that this was the spray foam insulation for Town Hall and the Chamber Building.

**10.410-4201 Contract Services** – Councilman Miller motioned to increase the contract services for Susie Kneпка's from \$17,000 to \$18,000. This would change this line item from \$82,000 to \$83,000. Vice Mayor Piquet seconded the motion. The vote passed unanimously.

**10.410-5701 Bank Service Charges** – Councilwoman Keller inquired about this budget line item. Finance Officer Nancy Johnson stated that there are two AR boxes and two lock boxes for utility and tax payments. There are also several other fees but that this line item is not for credit card fees. Councilwoman Keller asked if it costs the Town more to have the lockbox than having staff process those payments in house. Mrs. Johnson stated yes. Manager Feierabend stated that with the Town doing monthly utility billing the Town does not have the enough assistance.

### ***Tax Collections***

**10.460-4201 Contract Services & 1010.460-1400 Travel and Training** – Mayor Owen pointed out that there was an addition to the contract services line item request by Tax Administrator Jessica Heaton and a note on travel and training.

**10.460-0200 Salaries** – Councilwoman Keller confirmed that the salary proposal was for 4 days a week versus 5 days a week. Manager Feierabend confirmed that this was correct. Finance Officer Johnson stated that there was part time help in Fiscal Year 2012 - 2013.

### ***Police Department***

**10.510-0200 Salaries** – Councilman Miller asked about dual certification. Police Chief Jerry Turbyfill stated that these officers would be road certified and able to cover dispatch services as well. Councilwoman Keller asked about the proposed promotion of one officer. Manager Feierabend stated Police Chief Turbyfill proposes to change one Sergeant to a Captain position.

**10.510-3300 Supplies and Materials** – Councilwoman Keller questioned the \$2,000 increase. Manager Feierabend stated that this was for a defibrillator. Councilwoman Keller questioned \$4,000 for air conditioning. Manager Feierabend stated that this is a special air conditioner that keeps the humidity and the temperature at a certain level for protection of the equipment. Vice Mayor Piquet asked about firearms. Police Chief Jerry Turbyfill stated that this year they could have been replaced but that the department determined that they could wait one more year.

**10.510-3600 Uniforms** – Councilman Miller asked about uniforms. Police Chief Jerry Turbyfill stated that they have not selected a final color. Councilwoman Keller was in favor of the change. Vice Mayor Piquet was in favor of the officers keeping the uniforms they have. Councilman Miller would like to have the shirt not be white like the Fire Department's shirt. Manager Feierabend stated that they are working on selecting an alternate color other than white. Police Chief Turbyfill stated that the shirts would be approximately \$45 each for 4 shirts per officer. Police Chief Turbyfill stated that the Police Officers stance was that they did not want to change but that if this was what Council wished then the department would be happy to change. Councilwoman Keller stated that she perceives the color of the uniform that they wear as black and that this was too intimidating of an image. Vice Mayor Piquet motioned for the Police Officers to stick with the uniforms they have. Councilman Miller seconded the motion. Mayor Owen stated that he knows that Police Chief Turbyfill has inherited this problem and asked that Police Chief Turbyfill look at other resort communities to see what they do and return to Council with this information. Councilman Miller stated that he would retract his second. Vice Mayor Piquet rescinded his motion to all for further review.

**10.510-0200 Salaries** – Mayor Owen inquired about the recommendation to promote on Sergeant within the department to a Captain position. Mayor Owen asked if this creates any issues within the department with logistics and responsibilities. Police Chief Jerry Turbyfill stated no, and that he is waiting for someone to get promoted to hand down responsibilities. Councilwoman Keller stated that she wanted to make note that the Council may be adding money for a departmental study.

**10.510-6100 Gas and Fuel** – Councilman Miller asked about the patrol miles. Police Chief Jerry Turbyfill stated that we have increased the number and are working on a departmental policy right now. Councilman Miller stated that right now the department is budgeted for \$28,000 for gas and fuel and that if the mileage decreases then this number should decrease. Manager Feierabend stated that there should be diversity on where and when Police Officers drive. Manager Feierabend stated that if it results in more mileage it results in more mileage and if it results in more strategic miles then that is fine.

**Deposits** – Councilman Holcombe asked about the Town deposits, specifically the recreation deposit, since this deposit seems to get so much attention. Councilman Holcombe stated that the impression is that this is the only deposit that the Town makes on a daily basis. Staff stated that there were multiple departments that collected revenue to be deposited, and that all of these monies are deposited daily in one trip off the mountain. Mayor Owen stated, to expound on this issue further, that he hopes that the Patrol Officers are going down to Buckeye Recreation Center more than once a day.

**Fuel** – Councilman Miller asked how much fuel costs have gone up. Public Utilities Director Riley Hatch pointed out that the Town gets price quotes twice a year. Finance Officer Nancy Johnson pointed out that the Town does not have to pay the tax on fuel.

**Dementia Program** – Councilwoman Keller asked about the location device used for the dementia program.

*Note: Councilman Holcombe stepped out of the meeting at 5:35 p.m. and returned at 5:36 p.m.*

Police Chief Jerry Turbyfill stated that the device is somewhat like a hospital bracelet, is difficult and is used to assist with keeping track of this portion of the population. Police Chief Turbyfill stated that there are at least 2 individuals on the mountain who would be able to participate in this program.

### ***Fire Department***

Fire Chief Bob Pudney stated that the line item increases are due to trying to create a municipal fire department which will assist in creating a balanced with more equitable and sustainable revenue stream. Fire Chief Pudney explained that creating a municipal fire department would not change staffing or response time. The existing Beech Mountain Volunteer Fire Department would remain the same. Fire Chief Pudney explained how it would change funding dramatically. Currently, Beech Mountain Avery County residents pay an amount of money for fire tax to Avery County while Beech Mountain Watauga County residents pay none to Watauga County. Avery County has informed the Town that they are going to cut the Town's funding down by 60% while Watauga County has stated that they do not want to keep sending the stipend they have been giving to the Town. Fire Chief Pudney stated that due to these changes the funding mechanism to the Fire Department is at risk which is why Council has the proposal before them to create sustainable consistent funding. Mayor Owen stated that currently in Watauga County there is no fire tax because the municipality has to levy this tax

meanwhile Avery County has a special tax through a legislative act to collect the tax county wide no matter what the fire jurisdiction is. Fire Chief Pudney stated that that should the Town form a municipal fire department then the Town would have a much stronger stance with Avery County for them to return 100% of the funding back that they receive from residents of the Town who pay the fire tax. Fire Chief Pudney informed Council that the Town funds the fire department approximately \$190,000. Mayor Owen asked what kind of responsibility and liability this would put on the town by becoming a municipal Fire Department. Fire Chief Pudney stated that the response model would not change and that the Fire Department would receive better liability coverage going through the Town. Fire Chief Pudney stated that he will be going before Avery County and Watauga County for funding to discuss budget. Fire Chief Pudney stated that this would be a better model for the Town if it was controlled by the Town for not only operations purposes but for funding purposes as well. Mayor Owen asked about the Beech Mountain Volunteer Firefighters. Fire Chief Pudney stated that the Beech Mountain Volunteer Fire Department Board of Directors and Membership were in support. Fire Chief Pudney stated that there are substantial capital improvement needs that needs to be addressed. Fire Chief Pudney stated that a fire truck only has insurance coverage for 20 years. Under the model that is being proposed then there will be a capital account so that going forward the fire department will be purchasing a truck every 10 years. Mayor Owen asked if either county would be offended. Fire Chief Pudney stated that Watauga County would not be offended and is encouraging a Beech Mountain to create a fire tax. Fire Chief Pudney stated that it could be assumed that Avery County would not look favorably on a change. Avery County is funding approximately \$38,000 for the current year with negotiations for the upcoming year being discussed at approximately \$15,000. Fire Chief Pudney stated that the fire tax that is collected from Beech Mountain Avery County residents is over \$100,000 and that this is all they return to the Fire Department.

**10.515-1002 Volunteer Pension** – Councilwoman Keller asked about volunteer pension. Fire Chief Bob Pudney stated that the State of North Carolina offers a pension plan and the total would was \$4,200.

**10.335-0014 Fire Department Revenue** – Fire Chief Pudney pointed out the \$80,000 in revenue.

**10.515-8400 Debt (Principal) and 10.515-8401 Debt (Interest)** – Councilwoman Keller asked about the budget line item. Fire Chief Pudney stated that the amounts represented two United States Department of Agriculture loans; one for fire equipment and another for Fire Station II that the Town has been paying. Councilwoman Keller confirmed that the department had had an immediate need for a vehicle. Fire Chief Pudney stated that he has other funding methods for this purchase.

Councilwoman Keller asked if there was any additional liability to the Town to create a municipal fire department. Mayor Owen stated that no, there was no additional liability for the Town and that it would benefit the liability for the Beech Mountain Volunteer Fire Department. Councilman Miller asked how much the budget would change to include

the change to a municipal fire department. Fire Chief Pudney stated that this is already included in the proposed budget.

***Sales Tax*** – Mayor Owen asked if sales tax distribution had an impact on the Fire Departments. Fire Chief Pudney stated the stipend is going to end from Watauga County they want the Town is being encouraged to levy a fire tax. Councilwoman Keller asked about Avery County Sales Tax. Manager Feierabend confirmed that the Town does not receive much because they use the per capita method.

### ***Building Inspections***

Manager Feierabend stated it is being recommended that the Building Inspection position become a full time position due to the way the department has been operating. Manager Feierabend stated that the position has been budgeted as a 40 hour week job. Councilwoman Keller asked how Building Inspector John Merritt felt about doing less than 40 hours. Mr. Merritt stated that it is a 40 hour position. Councilwoman Keller asked about the demolition fees associated with condemnations. Manager Feierabend stated that if the Town performs a condemnation through the building code process then this fee is associated with it. Manager Feierabend emphasized that the Town wants a repair program not a demolition list. The Town is trying to be progressive and not reactive. Mr. Merritt stated that there is a 36 step process for condemnation that staff performs through the oversight of the Town Attorney.

### ***Planning Department***

***10.541-1200 Data Processing*** – Town Planner James Scott stated that the department plans to the Global Positioning System.

***10.541-4202 Contract Summer Intern*** – Town Planner James Scott stated that this was for reimbursement for gas for the summer intern. Council agreed to the proposed \$1,000.

### ***Vehicle Maintenance***

***10.555-1300 Utilities*** – Councilwoman Keller explained that Finance Officer Nancy Johnson had stated that the utility increase was due to Town billing.

***10.555-7400 – Capital Outlay*** – Manager Feierabend stated that staff proposed replacing the Ford Ranger with a used truck.

### ***Road Maintenance***

***10.560-7402 Road Stabilization*** – Public Works Director Riley Hatch stated that it was proposed that the money from this requested line item would be used to take care of Old Fields Road; Hilltop and the Parkway/Village Road Intersection, Grassy Gap and Pine Ridge Road Intersection, and the portion of the street that goes down towards Lake Coffey. Councilman Miller asked Council to consider increasing the amount of money going towards paving and road stabilization with the emphasis being on repaving. Mayor



Owen asked if the Town wanted to proceed with doing 2 miles of road a year. The cost would be cost at least \$250,000 and this would not even take care of the roads that the Town has already paved. Councilman Miller stated that the proposed amount of funding was not sufficient and that more than \$127,000 needs to be put into this line item. Vice Mayor Piquet stated that with the Water and Sewer Projects he did not feel like this was reasonable. Councilwoman Keller asked if the Town rethinks garbage curbside pickup then could this money go towards road stabilization along with a millage rate increase of 1 cent. Manager Feierabend confirmed that a penny increase would be approximately \$52,000. Vice Mayor Piquet pointed out that this was an enterprise fund and that these funds could not be moved like this. Councilman Holcombe stated that the Town would have to come up with alternate places to dispose of garbage besides just one location. Mayor Owen suggested that Council discuss this further when they got to the sanitation portion of the budget.

### ***Parks and Recreation Department***

***10.621-0200 Salaries*** – Councilwoman Keller inquired about the budget line item. Parks and Recreation Director Sandy Carr confirmed that there were 5 full time employees. Councilwoman Keller asked for employee names and positions. Mrs. Carr named herself as Parks and Recreation Director, Reba Greene as Recreation Center Assistant, Sean McNay and Jonathan McKinney as Maintenance Workers and Sean Royall as Recreation Activities Coordinator.

***10.621-1100 Telephone*** – Staff confirmed that this included the fiber optic service as well.

***10.621-4203 Fitness/Wellness*** – Parks and Recreation Director Sandy Carr clarified that this line item was for equipment.

***10.621-3305 Sled Hill Supplies*** – Manager Feierabend reminded Council of the Department Head budget request increase in the amount of \$750. This money would be used to make the sledding hill safer. Parks and Recreation Director Sandy Carr stated that when it is icy cars slide. Staff would like to real metal signs and also a railing in between the road and the sledding hill.

***10.621-6200 Vehicle Maintenance*** – Manager Feierabend reminded Council of the Department Head budget request increase in the amount of \$500 for vehicle maintenance.

***Playground*** – Parks and Recreation Director Sandy Carr stated that logs on the playground at Buckeye Recreation Center are getting some water damage. Staff has a remedy for this that they are trying to implement and take care of in the current year's budget.

***Fireworks*** – Councilwoman Keller asked where fireworks were in the budget. Mayor Owen stated that it is not in the proposed budget. Councilwoman Keller clarified that the Town was assisting with fireworks in this year's budget. It was confirmed that the Town was assisting with this year's firework display.

Mayor Owen stated that Council would pick up with the Parks and Recreation Department at the next meeting.

- V. ***Adjourn*** – Councilman Holcombe motioned to adjourn the meeting at 6:49 p.m., which was seconded by Vice Mayor Piquet. The motion passed unanimously. The meeting was adjourned 6:49 p.m.

Minutes approved by Town Council on June 10, 2014.

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Richard H. Owen, Mayor

ATTEST:

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Jennifer Broderick, CMC  
Town Clerk