

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Special Meeting – January 24, 2017
Reconvened January 27, 2017

I. *CALL TO ORDER* – Mayor E. ‘Rick’ Miller called the special meeting of the Beech Mountain Town Council to order at 1:01 p.m., Monday, January 24, 2017 in the Town Hall Council Chambers located at 403 Beech Mountain Parkway Beech Mountain, NC 28604. Other Council Members present were Paul Piquet, Rick Owen, Wendel Sauer, and Renee Castiglione. Attorney Stacy C. Eggers, IV was not present. Staff members present included Interim Town Manager James Scott and Town Clerk Jennifer Broderick.

II. *Closed Session – Pursuant to NC GS §143-318.11(6) Personnel Matters*
– At 1:02 p.m., Councilwoman Castiglione moved to enter closed session pursuant to N.C.G.S. 143-318.11(a)(6) for Personnel Matters. The motion was seconded by Councilman Sauer and passed unanimously. Upon motion by Councilman Sauer, seconded by Vice Mayor Piquet, the Council voted unanimously to exit closed session at 1:19 p.m.

III. *Other Business*

a. *Water and Sewer Planning* – Dale Schepers, Construction Administrator for West Consultants, presented Council with information on a Cost of Service Rate Study. This study provides a framework for areas that need to be reasonable and sustainable. Mr. Schepers reviewed the Revenue Required Analysis which included operational expenses such as paying debt, infrastructure, and paying fees. Mr. Schepers explained that the University of North Carolina School of Government’s Environmental Finance Center “PlantoPlay” model was used to identify potential rate impacts. Mr. Schepers stated that adjustments were made since the model is based on 5,000 gallons. Mr. Schepers discussed making reinvestments in the infrastructure and setting a target dollar amount. The recommendation for a target dollar amount is to reinvest into the utility department is \$1,000,000 a year. Mr. Schepers presented the historical data from 2013-2016 and then explained the test year of 2017. Revenue items taken into consideration were operating revenues to include metered sales, non-metered sales, and micro-service revenues. Revenues from other sources included interest, appropriation from reserve, and other. From this data the projected revenue increases required began July 2017. Mr. Schepers then discussed the expenses for running the system to include salaries and benefits, utilities, chemicals, system building maintenance, equipment tools, contracted services, and

support services. Mr. Schepers then discussed debt services existing, debt service proposed (Water Plant Replacement Project), debt service proposed (Water Intake Project), deposits to reserve, transfer to Water Treatment Plant construction, transfers to general fund, and cash financed. Mayor Miller asked when the Town would have the state's response for the Water Intake Project. Public Utilities Director Robert Heaton stated that the State has already provided approval at their level. We are now working with the Tennessee Valley Authority for their approval. Mr. Schepers then discussed with Council the five year capital project plan and the number of customers and water consumption. Customer classes included residential, residential outside, commercial, mixed use, and Town accounts with a growth rate calculated at 0.15% per year for the next five years. Councilman Sauer asked what the classification residential outside represented. Mr. Heaton stated that those were Town approved utility connections that were outside Town limits. Mr. Schepers pointed out that the peaking factor is relatively flat across the customer board. Councilman Sauer stated that this explained the statewide 5,000 gallons that were used. Mr. Heaton explained that a five year capital plan is an educated guess that permits the plan to be revised. Councilman Sauer asked if the State required different rate classes. Mr. Heaton stated that this is not a State requirement. Water sales and miscellaneous revenues were reviewed. Mr. Schepers showed the Council that if no action was taken then revenue grown would be at .1% a year. Mr. Schepers presented numbers on the average utility bills annually for the different rate classes in the Town's current rate structure. The average residential inside use is \$80.27, residential outside use is \$73.17, commercial use is \$108.50, mixed use averages \$1,326.67 and the Town class annually averages \$82.11. Interim Manager James Scott asked why the residential outside annual average use was lower than the residential class. Mr. Heaton explained that the residential outside user class did not have sewer. Mr. Schepers stated that Councils input was needed for the revenue requirement. Mr. Schepers recommended Council consider an annual increase of 2% would be approximately \$2.00 per month. Mr. Schepers pointed out that there is a large capital improvement in 2021 to take into consideration. More discussion was held around various rate increases and what those projections were when the numbers were plugged in. Mr. Schepers stated that a 3% increase would be roughly \$2.50 a month per residential bill. A projection of 3.4% would be approximately \$2.74 monthly for residential customers. Mayor Miller stated that it was important to establish a plan that did not put the Town into the red. There was Council consensus that this made good fiscal sense. Council provided staff with guidance for the proposed 2017-2018 Fiscal Year Budget. Mr. Heaton thanked Council for reviewing the information that had been collected and working on formulating a plan for

the Town's future. Council thanked Mr. Schepers and Mr. Heaton for their good work and presentation.

- IV. Recess** – At 2:53 p.m., Councilwoman Castiglione moved to recess the meeting to Friday, January 27, 2017 at 3:00 p.m. at Town Hall in the Council Chamber Room located at 403 Beech Mountain Parkway Beech Mountain, NC 28604 for the purpose of holding closed session to discuss personnel. The motion was seconded by Councilman Sauer. The motion passed unanimously.

Note: Due to the absence of Town Clerk Jennifer Broderick Councilman Owen took over recording the remaining minutes.

- V. Reconvened** – At 3:01 p.m. on January 27, 2017 Mayor Miller reconvened the January 24, 2017 Town Council meeting in the Town Hall Council Chambers located at 403 Beech Mountain Parkway Beech Mountain, NC 28604. Other Council Members present were Paul Piquet, Rick Owen, Wendel Sauer, and Renee Castiglione. Attorney Stacy C. Eggers, IV was not present. No staff was present.

- VI. Closed Session – Pursuant to NC GS §143-318.11(a)(6) Personnel Matters** – At 3:02., Vice Mayor Piquet moved to enter closed session pursuant to N.C.G.S. 143-318.11(a)(6) for Personnel Matters. The motion was seconded by Councilman Sauer and passed unanimously. Upon motion by Councilman Sauer, seconded by Councilwoman Castiglione, the Council voted unanimously to exit closed session at 4:15 p.m.

- VII. Recess** – At 4:19 p.m., Vice Mayor Piquet moved to recess the meeting to Monday at 2:00 p.m. at Town Hall in the Council Chamber Room located at 403 Beech Mountain Parkway Beech Mountain, NC 28604 for the purpose of holding closed session to discuss personnel. The motion was seconded by Councilman Sauer. The motion passed unanimously.

Note: Town Clerk Jennifer Broderick recorded the remaining minutes of the January 24, 2017 meeting that was reconvened on January 30, 2017 at 2:00 p.m.

- VIII. Reconvened** – At 2:00 p.m. on January 30, 2017 Mayor Miller reconvened the January 24, 2017 Town Council meeting in the Town Hall Council Chambers located at 403 Beech Mountain Parkway Beech Mountain, NC 28604. Council Members Paul Piquet, Rick Owen, Wendel Sauer, and Renee Castiglione were not in attendance. There was no quorum present. Attorney Stacy C. Eggers, IV was not present. Staff members present included Town Clerk Jennifer Broderick.

IX. Adjourn – Mayor Miller adjourned the meeting at 2:10 p.m. due to a lack of a quorum present.

Minutes approved by Town Council on February 14, 2017.

Respectfully Submitted,

Rick Owen, Council Member

E. *Rick* Miller, Mayor

ATTEST:

Jennifer Broderick, MMC
Town Clerk