

**MINUTES**  
**Beech Mountain Town Council**  
**Special Meeting – March 13, 2017**

**I. *CALL TO ORDER*** – Mayor E. ‘Rick’ Miller called the special meeting of the Beech Mountain Town Council to order at 10:07 a.m., Monday, March 13, 2017 at the Foscoe Grandfather Community Center located at 233 Park Road, Banner Elk North Carolina 28604. Other Council Members present were Paul Piquet, Rick Owen, Wendel Sauer, and Renee Castiglione. Attorney Stacy C. Eggers, IV was not present. Staff present included Town Manager Tim Holloman, Town Clerk Jennifer Broderick, Finance Officer Steve Smith, Town Planner James Scott, Building Inspector John Merritt, Public Utilities Director Robert Heaton, Public Works Director Riley Hatch, Police Chief Shawn Freeman, Fire Chief Bob Pudney, Parks and Recreation Director Sean Royall, and Director of Tourism and Economic Development Kate Gavenus. Dale Schepers, Construction Administrator of West Consultants, was also present.

**II. *Budget Discussion*** – Dale Schepers, Construction Administrator of West Consultants, stated that the Water Treatment Plant Replacement Project is at 75% completion and now 107% into the contract period. Councilman Sauer stated that at the last construction meeting the window frames were noted as a build issue by the contractor. The company that is delivering the windows is having business solvency issues and may be going out of business. The Town has been assured by the contractor that this will not impact the delivery of the windows to the job site. Mayor Miller stated that as a sign of good faith the Town has provided the contractor a 45 day extension with no liquidated damages.

***Watauga River Water Intake Project*** – Public Utilities Director Robert Heaton stated that the Watauga River Water Intake Project is a 6.5 mile project that will run from the Water Plant, out Buckeye Creek Road, down Buckeye Road, and then out 321 to the Watauga River. Mr. Heaton stated that currently the Town was in the 609 process with the State. Design work for the project is in the preliminary stages with both the Tennessee Valley Authority and United States Army Corps of Engineers who will review the design work that is being completed by West Consultants. This project spans many years and has many steps involved. Currently the projection is 5 to 6 years out, however this could be lengthier depending on external variables.

***Well Sites*** – Mayor Miller stated that Well Site I has pumps ordered and Mountain Electric is in the process of providing a cost estimate for the Three-Phase Line that will be installed. Staff is gathering input from Building Inspector John Merritt for the aesthetics of the well house structure since this area will be used as a recreational area. Well Site II is still in the early data

collection stages to see if the Town will move forward with drilling a test well at this location.

***Utility Capital Plan*** – Dale Schepers, Contract Administrator for West Consultants stated that last September there was a water planning workshop which directed staff to have a Cost of Service Rate Study completed. Through using the University of North Carolina School of Government’s Environmental Finance Center “PlantoPlay” model data was input for a 20 year output. Based on these numbers a cost of service increase over the next five years was projected with the given capital improvements. This proposed increase would be initiated with a 3.8% rate increase effective July 2017 and continue in consecutive years with decreasing percentages through year five. Mr. Schepers stated that these percentages of change ranged in dollar amounts from July 2017 in the amount of \$3.00 to an ending dollar amount of \$2.50. Mr. Schepers stated that the model will require further adjustments as more information becomes available.

***Public Works*** – Public Works Director Riley Hatch stated that the department is in the third year of their Capital Improvement Plan. The largest upcoming addition to this plan in the not so far off future will be an all-wheel drive motor grader. Mr. Hatch reviewed previous purchases made for the Capital Improvement Plan to include the Sanitation Department and Road Maintenance Department needs for the previous three years. Councilman Sauer questioned water in the gas tank and questioned a possible leak in the tank that holds the Town’s fuel supply. Mr. Hatch stated that he has not received any more information from Town run vehicles reporting an issue with water in the gas. Councilman Sauer stated the importance of a full resolution to the situation involving water in the tanks of Town operated vehicles which has caused them to not run and be stuck on the side of the road. Mr. Hatch stated that the gas tank supply holder is now checked three times a week and that the results are showing no indication of water.

***Road Paving*** – Mayor Miller asked what areas were being looked at for repaving in the 2017-2018 proposed budget. Public Works Director Riley Hatch stated that currently staff is looking at Divot Drive, the top of Pinnacle Ridge Road, and Tamarack Road. Councilwoman Castiglione stated that Village Road needed to be repaved as well. Public Utilities Director Robert Heaton confirmed that the ongoing utility project was not repaving the road but instead had been contracted to patch the road. Councilman Sauer suggested that staff develop a system for road repairs where utility cuts have occurred. Mr. Heaton stated that post their conversation some research has begun. There is a possibility of using a milling machine to assist with road resurfacing where utility cuts have occurred along with discussion on including additives and tamping the areas down. Mr. Heaton stated that depending on the plan that is put in place this

will change the material that is required to be placed in the hole where the utility cut has occurred. Councilwoman Castiglione stated that money for paving Charter Hills ran short with funding last year. Councilwoman Castiglione suggested reevaluating the way paving is being budgeted to include real areas with assigned values for material and work, understanding that there is fluctuation in these costs as the year progresses. Mayor Miller recommended paving to begin early in the year near spring. Mr. Hatch stated that paving has to wait until the chat can be cleared off the road.

***Public Works Department / Fire Department / Police Department***

***Building*** – Town Planner James Scott stated that the Public Works / Fire Department / Police Department proposed building is a further down the road future Town goal that began several years ago. The Town purchased a 6 acre tract, part of which is where the Bark Park is located, for the purpose of one day moving Public Works facility off the main road. Mr. Scott stated that additional discussion has been had to include a new Fire Department and Police Department building at the current site location of the Public Works building and Town Recycling Center. Councilwoman Castiglione stated that the Police Department along with other departments need more space and that this space issue needs to be resolved sooner rather than later.

***Fire Station I Contract*** – Fire Chief Bob Pudney reported that the Town took over the Beech Mountain Volunteer Fire Department assets a few years ago which included Fire station I. Fire Station I sits on a lot that was deeded to the Town back in the early 70's to the Fire Department with a deed restriction that this property be used to store fire equipment. Fire Chief Pudney informed Council that the building has reached its useful life and has a number of issues, which are probably not as severe as Public Works building. The discussed plan has been to relocate and replace. Fire Chief Pudney stated that the location of Fire Station I could be improved upon for emergency response purposes. Manager Holloman asked if any preliminary work had been completed on the proposed building site. Public Utilities Director Robert Heaton stated that there is some preliminary work that has been completed by Marion Rothrock and West Consultants. Fire Chief Pudney stated that moving forward a work list needs to be developed so that federal dollars can be achieved through grants offered public safety agencies. Town Planner James Scott questioned the timeline for these types of grants. Fire Chief Pudney stated that these grant opportunities are typically very competitive and hard to get. Those initially applying for funding are usually denied the first time. Sometime it takes two to three grant submission attempts to be awarded these monies. There are also grant funds available through the North Carolina Department of Justice. Police Chief Shawn Freeman stated that a portion of the grant process will include documentation showing the plan for the proposed building and building site. Vice Mayor Piquet stated that he was in favor of initiating this process.

***Streetscape Project*** – Town Planner James Scott stated that the Streetscape Project has two main goals; one being a more walkable accessible thoroughfare into the Town, and two to increase the appeal of the Town. Mr. Scott reported that the Town received a \$250,000 grant which had complications due to easements and grading. Staff was able to restructure the second phase of the project to move the path to the other side of the road which would build towards connectivity with Beech Mountain Ski Resort. This path direction does not include the overlook but does include the businesses at the entrance for the Ski Resort. Mr. Scott stated that staff met with the engineers for the project last week that were completing the design work. Post meeting with the engineers there is some question as to whether the funding that is available will cover the full cost of the project. Director of Tourism and Economic Development, Kate Gavenus, stated that the Tourism Development Authority has earmarked \$20,000 towards this project, with more funds being available through this year's grant process as well as future dollars. Mr. Scott stated that the Town has applied for a second grant for landscaping along the path, to include lighting, which the Tourism Development Authority if approved, will provide the matching funds for the Appalachian Regional Commission grant.

***New Town Hall Sign*** – Mr. Scott stated that staff has received general consensus from Council for the direction of the new sign. Mr. Scott stated that staff would be requesting fund in the upcoming budget for the proposed sign project. Mr. Scott stated that a request is also being put in to the Tourism Development Authority to assist with this new sign. Director of Tourism and Economic Development Kate Gavenus stated that the Tourism Development Authority is awaiting all proposals for funding. The funding opportunity has a closing date scheduled for this Friday.

***Sales Tax*** – Manager Holloman stated that Watauga County is looking into their position on the current sales tax distribution method that is in place. It is understood that the Watauga County Volunteer Fire Departments funding is improved by the current methodology and that this will factor into the County's directional decision. Councilman Owen stated that the initial offer by Watauga County was generous and that Beech Mountain is happy to work with Watauga County. Mayor Miller stated that the Town has been saving this money for larger projects.

***401k*** – Mayor Miller stated that the 401k was going to stay the same this year. Councilwoman Castiglione stated that she will be arguing that the system in place should be a matching fund. Councilman Sauer stated that there should be a policy change to encourage contributions but that he would go along with the majority.

***Budget Calendar*** – Manager Holloman made a suggestion to move the April 7, 2017 date on the budget calendar for requests from departments to March 30, 2017. Council concurred. Manager Holloman suggested the tentative April 13, 2017 Planning Retreat date be moved to April 20, 2017 to afford better preparation of the draft budget. Council was in agreement to look into this date change. Town Planner James Scott volunteered to look into accommodation availability at the location now in use. Councilman Owen reminded Council that the High Country Municipal Association meeting is scheduled for April 20, 2017 at 6:30 p.m. at Banner Elk, who is hosting the meeting.

***Police Department*** – Police Chief Shawn Freeman stated that the \$22,000 grant is going towards vehicle equipment. The Town is in the third phase of the grant process. There is still a big push towards in car and body cameras which should assist the Town with the grant process. Police Chief Freeman stated that there is a good opportunity that the Town will be able to lock into this year's vehicle price with the build occurring in August. The Town saved \$12,000 on the last vehicles purchased due to the lower vehicle price and using a different company to up equip the vehicles. Manager Holloman stated that staff is looking at a proposed budget amendment for the upcoming April Council meeting to lock in at this lower vehicle price. Mayor Miller stated that Police Chief Freeman has done a great job getting grants for equipment for the department.

***Fire Department*** – Fire Chief Bob Pudney stated that Council will be receiving an operational budget proposal from the Fire Department with one exception. The exception will be that the bottom line budget will reflect \$60,000 for a North Carolina matching grant for equipment. The Fire Department has a 10 year apparatus replacement plan in place that is currently at \$50,000. Fire Chief Pudney stated that the Town does need to start looking at a fire tax and putting one in place that will perpetually move forward. Currently these revenues we are going through ad valorem. Avery County and Watauga County each have different fire taxing rules for the Town. Fire Chief Pudney stated that the Town is in the third year of a five year contract that was put in place July 2013. We want to ensure that we do not run into the 5<sup>th</sup> year without having this contract 'reupped'. Mission critical issues are low flow or no flow water supply and distribution lines from appropriate size fire hydrants. Fire Chief Pudney stated that forward progress depends on these issues being resolved. There is a part time position in the Fire Department that has been for training that has been funded for two years that has yet to be filled. Fire Chief Pudney stated that the problem has been that there is not a part time qualified individual with availability for this position. Fire Chief Pudney stated that the Town needed to begin to think about future positions. Fire Chief Pudney stated that this is a discussion and decision that he will be more fully processing during the budgeting process.

***Planning Department*** – Town Planner James Scott stated that there were no new requests from the Planning Department other than the possibility of the new Town Hall sign and Streetscape project funds. Mr. Scott stated that this would ultimately depend on Council decisions and where the Finance Department placed these monies.

***Building Inspections Department*** – Building Inspector John Merritt stated that the Building Inspections Department is a multifaceted department that enforces code, works as a design team, and operates as the maintenance team too. Mr. Merritt stated that the Condemnation, Pre-condemnation, and Repair report is being kept up to date and has been a benefit for the Town. Mr. Merritt reported that there is an expectation that the annual number of inspections will be increasing in the upcoming year. Currently there are seven new homes that are either in the construction process or are getting ready to have construction begin. Mr. Merritt noted two home sites; 205 Oz Road, which is a 1.5 million dollar build, and a site located on Lodge Ridge Trail, which is an approximate 3.5 million dollar build. Councilman Owen stated that properties need to be looked into for service availability.

***Tourism Development Authority*** – Director of Tourism and Economic Development Kate Gavenus stated that the Tourism Development Authority's budget primarily comes from the collection of occupancy tax. Currently here is a roughed out budget for the 2017-2018 fiscal year. In the budgeting process 1/3 of the budget has to go towards capital items. Last year the Tourism Development Authority spent approximately \$50,000 towards town projects like the fireworks, lighting for the holidays, and planting on the mountain. Mrs. Gavenus stated that these monies are used to offset the monies paid by the Town towards the salary line item for the full time employee. The part time employee is funded fully by the Tourism Development Authority's budget. Mrs. Gavenus stated that the Town's Visitor's Center has had more visitors than the state supported Town of Boone Visitor's Center. Mrs. Gavenus stated that these higher numbers were attributed in part to the additional hours of availability through holidays and weekends that Beech Mountain's Visitor's Center provides.

***Parks and Recreation Department*** – Parks and Recreation Director Sean Royall stated that staff has worked on saving money. One of the areas that staff has realized savings is in cleaning supplies for the budget. The facility and infrastructure need to be looked at for future recreational use and that these are Town growth items that are visitor based. Mayor Miller stated that there has been discussion around the idea of moving the Sledding Hill across the street. Mayor Miller stated that the discussion had not gotten too far.

**Finance Department** – Finance Officer Steve Smith stated that if anyone has any questions he is always available.

Mayor Miller thanked Dale Schepers, Contract Administrator for West Consultants, for the work that was put into the Water Study. Mr. Schepers thanked staff for their cooperation and that it has been a pleasure to work with everyone to understand the Town's goals and the directional choices they would like to take to achieve these goals. Mr. Schepers pointed out that the model is on the conservative side and reminded all that the model needs to continue to be updated. Mr. Heaton thanked Mr. Schepers for the good work he has completed and informed Council that the Hydraulic Model Study is being completed.

Manager Holloman stated that last week he met with Finance Officer Steve Smith and that there may be some changes to line items. Manager Holloman will seek Council's input on these suggestions. Mr. Holloman is working towards a balanced draft budget for the April 20, 2017 meeting. Manager Holloman stated that he is entertaining a higher Water and Sewer Rate to capture more dollars up front instead of having a plan that is spread out over many years. The Town currently has a 96% tax collection rate with the anticipated collection goal set at 98%. Manager Holloman stated that he would also be seeking Council's input on recommended changes in the Council room.

Councilman Sauer stated that last year the pay plan did not move due to no cost of living allowance being provided. Staff stated that this was correct and that historically the Town's pay plan has been adjusted when Council has budgeted for a cost of living allowance.

Mr. Scott stated that his thanks to all of the Department Heads for their good information they provided at the meeting.

**III. Adjourn** – At 12:01 p.m., Vice Mayor Piquet moved to adjourn, which was seconded by Councilwoman Castiglione. The motion passed unanimously.

Minutes approved by Town Council on April 11, 2017.

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E. 'Rick' Miller, Mayor

ATTEST:

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Jennifer Broderick, MMC  
Town Clerk