

MINUTES
BEECH MOUNTAIN TOWN COUNCIL
Special Meeting – April 20, 2017

- I. *CALL TO ORDER*** – Mayor E. ‘Rick’ Miller called the special meeting of the Beech Mountain Town Council to order at 9:05 a.m., Monday, April 20, 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. A quorum was present. Attorney Stacy C. Eggers, IV was not present. Staff present included Town Manager Tim Holloman, Town Clerk Jennifer Broderick, Town Planner James Scott, Fire Chief Bob Pudney, Police Chief Shawn Freeman, Building Inspector John Merritt, Public Works Director Riley Hatch, Parks and Recreation Director Sean Royall, and Public Utilities Director Robert Heaton.
- II. *Budget Discussion*** – Mayor Miller welcomed everyone and asked Manger Holloman to proceed with the presentation of the 2017-2018 proposed fiscal year budget. Manager Holloman stated that Administration had no increases and included half the expense of a new server in the amount of \$10,500. Town email will be moved to the Cloud as recommended by the Town’s information technology company. The Tax Department has less than 3% increase. The Police Department has a 16% decrease primarily due to purchasing only one vehicle. The Fire Department has no significant increase. The Building Inspections Department has a 6% increase for staff development. The Planning Department has a decrease in personnel costs and an increase in Capital Outlay in the amount of \$216,000 for the Streetscape Project. Vehicle Maintenance has an increase of 4%. Road Maintenance has an increase in Capital Outlay in the amount of \$294,000 for a Motor Grader. The Motor Grader that is being replaced is 32 years old. Public Works Director Riley Hatch distributed a worksheet that detailed the roads that would be resurfaced with the 2016-2017 budgeted funds. Charter Hills Road resurfacing was completed last summer at a cost of \$34,965. The next road to be resurfaced would be Divot Drive at an estimated cost of \$19,500. This would be the first time Divot Drive would be resurfaced. Pinnacle Ridge Road would be the next section. This would cover 10 intersections, beginning at the Beech Mountain Parkway and going through the Thistle Lane intersection. Estimates for resurfacing Pinnacle Ridge Road come in at \$195,450. The total cost for 2016-2017 resurfacing budget \$249,915. Roads to be resurfaced in the 2017-2018 proposed budget included Village Road. The utility pipe line project calls for just patching. Recommendation is to have patching done with binder then resurface the whole road out to the state highway. This would include three intersections and would stop at State Road 184 at Ski Beech’s intersection. The estimated

cost is \$145,000. The remainder of \$105,000 will be used to go down Pinnacle Ridge starting at Thistle Lane or start on Pine Ridge Road below Arrowwood intersection and continue. Total cost for 2017-2018 resurfacing budget is \$250,000.00. Parks and Recreation has an increase of 12% primarily due to Capital Outlay for a skid steer in the amount of \$40,000 and a storage building in the amount of \$60,000. Parks and Recreation Director Sean Royall stated that the skid steer is a four season workable piece of equipment that can be used to clear snow and used to maintain trails and expand trails. Discussion was held around the storage building and whether this was recommended by the Parks and Recreation Committee. Mr. Royall stated that the Committee was aware of the skid steer but not the storage building. The Parks and Recreation Department needs more storage space. Vice Mayor Piquet, Councilwoman Castiglione, and Mayor Miller liked the idea of tearing down the building and replacing it versus replacing the roof and spending another \$60,000. Councilman Owen recommended that staff determine the amount of square footage required for storage by the department and to return back to Council with that information. Manager Holloman reviewed the utility fund revenues stating that a more detailed presentation would be provided by Dale Schepers, Construction Administrator for West Consultants, at a future meeting. Debt service balance on utility loans was reviewed. Utility administration has a restructure of salary distribution and capital includes the other half the expense of a new server in the amount of \$10,500 for the computer server. Water Maintenance has a 19% decrease. Sewer Maintenance has an increase of 7% with no capital outlay. Sanitation fund is static with expenditures dropping less than 1% from the last fiscal year. Manager Holloman reported to Council that there were no proposed increases in property taxes, no proposed increases in fees, a 2% cost of living allowance, 2% merit, a 3.8% increase in water and sewer rates, and that the state had a mandatory ¼ percent increase in retirement system contributions for general and police employees. Items for consideration are the stabilization of the hill at Buckeye Recreation Center, the Watauga River Intake, the Public Works Building, the Public Safety Building, a Large Paving Project, and the ability to have meetings available by internet for live streaming and archived. E-911 has an expense for a backup communication center with Watauga County. Police Chief Shawn Freeman stated that the Town has a meeting with David Dodd and Richard Taylor over the E-911 Commission to discuss the Town's backup plan and location further. This meeting is set up for next Wednesday. Police Chief Freeman stated that the Town wants to move forward and that this plan. Manager Holloman reviewed the proposed 2017-2018 fiscal year budget in the four funds compared to the actual budget. Manager Holloman also provided a tax rate comparison of area municipalities and counties. This provided information on the tax base, tax levy, tax rate, collection rate, date of last revaluation, and date of last tax

increase. The consumer price index comparisons for cost of living adjustments that were averaged were reviewed. These included the urban wage earners, the southeast urban wage earners, and the average consumer price index from social security administration. Finance Officer Steve Smith reviewed the Town's unassigned fund balance with Council. This is calculated one time a year at the close of June 30th. Finance Officer Smith pointed out that the unassigned fund balance is not all cash. It is a balance sheet representation of equity. It is going up mainly due to the sales tax and good fiscal planning of the Council. This is about 88% of the Town's general fund balance. There is a recommendation that you maintain an 8% fund balance. This tax base change over time for Beech Mountain illustrated when revaluations took place and the levy. Unrestricted cash reserves in the utility fund were reviewed. Manager Holloman informed Council that the proposed draft budget would be placed online. Councilman Sauer requested that this information be placed on the Town's home page. Manager Holloman reviewed the State Health Plan. Manager Holloman stated that he was presenting to Council an option to participate on the State Health Plan on the 80/20 plan. Manager Holloman stated that if Council was interested in moving the Town's health insurance to the State Health Plan then the Council would need to pass a resolution of intent that would permit staff to enroll in the State Health Plan with an enrollment date of January 1, 2018. Manager Holloman informed Council of the varying deductibles for each of the type of benefit plans. Manager Holloman stated that Council did have an option to assist with the additional cost. Manager Holloman stated that right now the Town was participating on a self-funded plan. If our experience increases than the costs to the Town could be driven up. Moving to the State Health Plan would move the Town away from a self-funded plan. Lee Ellis with Eben Concepts came by to offer assistance with a change in health plans or evaluation of the current plan. Manager Holloman stated that joining the State Health Plan would help stabilize costs. Councilman Owen asked if the Town would be permanently locked into this plan. Manager Holloman stated that the state does not let you out of the plan but that you could probably go through your local legislator and ask for special legislation. Council requested that staff check with other municipalities about their experience with this transition. Manager Holloman reviewed the 5 Year Capital Plan for each of the departments. The Town 5 Year Capital Plan ran through 2019-2020. Manager Holloman reviewed some of the items in the plan to include the replacement of the Public Works Facility, bank stabilization at Buckeye Recreation Center, and water line projects to include the completed Spruce Hollow Transmission line at an cost of \$700,000, Tamarack to Hornbeam at an estimated cost of \$370,000, Overbrook to Shagbark to Charter Hills at an estimated cost of \$430,000 , Spring Branch to Overbrook to Grouse Ridge at an estimated cost of \$130,000, Shagbark to Overbrook to Charter Hills at an estimated cost of \$123,000, and up fitting the stations at

Ashwood and Millpond at an estimated cost of \$200,000. The Water Intake Project is estimated at \$6,000,000. Manager Holloman stated that he would be getting with Department Heads to update figures on equipment. Manager Holloman reviewed the 10 to 20 year out plan. Some of the items included enclosing the porch area at Buckeye Recreation Center for a larger cardiovascular space. Mayor Miller asked the importance of this addition to the Recreation Committee. Mr. Royall stated that right now the focus is on the bank stabilization. Fire Chief Bob Pudney discussed the proposed emergency landing / extra parking at Buckeye Recreation Center in order to get an ambulance out from the parking lot to a the softball field. Manager Holloman asked if there was a grant opportunity. Fire Chief Pudney stated that this proposed site project was probably not a good grant opportunity with grant monies currently being more favorably being distributed towards projects that assisted with technology rather than site assistance. There was discussion around moving this project from the 20 year capital improvement plan to the 5 year capital improvement plan and perhaps even into this year's budget. Town Planner James Scott stated that the floating boardwalk at Buckeye Lake was no longer on the 20 year capital plan due to not meeting state criteria guidelines. Parks and Recreation Director Sean Royall stated that there is another area that could be used for a floating boardwalk. The trail leading to it and the floating dock would need to be compliant with the Americans with Disability Act. The downside is that the money for these grants may have dried up. There was not a lot of Council interest in moving this project forward. Manager Holloman discussed the replacement of the Grassy Gap Wastewater Treatment Package Plant and the NH3 upgrade at Pond Creek Wastewater Treatment Plant. Public Utilities Director Robert Heaton stated that last NH3 upgrade was completed in 2008 with the next one scheduled for 2032. Mayor Miller recommended that the sales tax the Town is receiving should be used for the engineering work on the Public Works Building so that this project can be moved forward. Manager Holloman stated that another idea was to use the fund balance for the debt service. Right now staff is entertaining a four year plan on the infrastructure. Councilman Sauer stated that using the sales tax money for this purpose was a good idea. Manager Holloman stated that it was good to not pay operating expenses out of this money. Councilwoman Castiglione stated that they 401k needs to be a matching plan. Councilwoman Castiglione stated that she appreciates employees but that Council needs to be fiscally responsible. Councilman Sauer stated his agreement and that employees needed to be properly educated. Vice Mayor Piquet stated that the debt service for the Water Treatment Plant Replacement project is 40 years. Vice Mayor Piquet questioned if the proposed base rate was still at \$36.50. Public Utilities Director Robert Heaton confirmed yes. Council confirmed with staff that at the end of the proposed 5 year plan for the utility rates the Town was still in the black. Staff confirmed yes that this was correct with

the data in place. Public Utilities Director Robert Heaton stated that some of the engineering for the Water Intake Project is included in the 5 year model but that the construction that was beyond the 5 year model was not. Mayor Miller stated that there was a North Carolina League of Municipalities Resort Town and Convention City committee meeting on May 24, 2017 at 7:30 a.m. in Raleigh that would be beneficial for the Town to attend. Council held discussion on moving the time of the May 23, 2017 meeting. After discussion was held Mayor Miller stated that the meeting time would be moved to 10:00 a.m. on May 23, 2017 with the meeting still taking place at Town Hall in the Council Chamber room located at 403 Beech Mountain Parkway Beech Mountain North Carolina 28604. Manager Holloman asked for direction on the next budget meeting. Council stated that historically the budget has been reviewed department by department. Manager Holloman requested that Council provide him with the questions that they have on the budget as they reviewed the proposed budget. Manager Holloman identified the specific changes from the budget discussions with the Council as being additional space for the Parks and Recreation Department and the possible inclusion of the helicopter pad. Manager Holloman thanked all of the staff for getting information together.

- III. Adjourn** – At 10:39 a.m., Councilman Sauer moved to adjourn, which was seconded by Councilwoman Castiglione. The motion passed unanimously.

Minutes approved by Town Council on May 9, 2017.

E. 'Rick' Miller, Mayor

ATTEST:

Jennifer Broderick, MMC
Town Clerk