MINUTES -SPECIAL MEETING
BOONE TOWN COUNCIL JUNE
13, 2005

A special meeting of the Boone Town Council was called to order at 10:00 a.m., Monday, June 13, 2005 in the Council Chambers, 1500 Blowing Rock Road. Mayor Velma C. Burnley presided. Council members present were Mayor Pro-Tem Loretta Clawson, Graydon Eggers, Lynne Mason, Bunk Spann and Dempsey Wilcox. Staff present were Town Manager Greg Young; Town Clerk Freida Van Allen; Deputy Town Clerk Kim Tester; Resource Director Jim Byrne; Fire Chief Reggie Hassler; Development Services Director John Spear; Public Services Director Blake Brown; Public Utilities Director Rick Miller; Police Chief Bill Post and Finance Director Amy Davis.

BUDGET WORK SESSION

Town Manager Greg Young presented the following budget message:

On behalf of both the staff and me, enclosed is a proposed balanced budget document for Fiscal Year 2005-2006. The budget reflects the same service levels as in previous years. The budget document does not include any funding for Capital Projects that Council has contemplated in the past. Attached is a list of those considered and requested items for the Board's review. The list is provided in order that we may discuss these items during our budget workshops so that a funding method for these projects may be determined. The Budget highlights are outlined as follows:

GENERAL FUND

The general fund reflects the same service level as last year. Increases in revenue have been offset by increased expenditures. Those include gas and oil, propane and electricity. Also, there are projected increases in workmen's compensation insurance (11%) and health insurance (20%). Tax revenues are projected with a tax rate being set at $0.40 per $100 valuation.

EMERGENCY FUND

This fund shows revenues and expenditures for the enhanced 911-telephone system for this fiscal year. It continues to recognize new E-911 wireless money.

NARCOTICS ENFORCEMENT DIVISION

This fund reflects the same activity as last year, projecting narcotic enforcement activity for the upcoming fiscal year. Revenues are derived solely from the fund balance carried over from previous years.

RURAL FIRE SERVICE DISTRICT

This fund reflects revenues and expenditures for the service district. The Town's Fire Department serves this district, located outside the corporate limits. Recommended expenditures represent priorities set by the Service District Board.

DOWNTOWN MUNICIPAL SERVICE DISTRICT

This year reflects a continuation from the previous years in budget appropriations for the MSD. The budget reflects only taxes appropriated as revenue, and expenses are allocated back to the DBDA. Now that it is a non-profit organization, it is no longer necessary for us to approve each line item in the budget. However, Council needs to set the DBDA tax rate and account for the taxes received and expended. The DBDA is recommending a $0.21 per $100 valuation tax rate this year.

WATER AND SEWER FUND

This fund has experienced substantial increases in operational expense, most of which can be tied to fuel-related items. Rate increases have not kept up with the rising cost of operation. The only major capital improvement item found within the fund is the Old Bristol Road sewer upgrade project. In addition, there is money appropriated as matching funds for a Rural Center Grant in order to maintain continued efforts to find and secure additional sources of raw water. Both of these items are funded by reserve monies. In this fund, I am recommending that minimums be increased by $1.00 each and rates be increased by $0.15 per 1,000 gallons for both water and sewer.

PERSONNEL

A cost-of-living salary increase is being proposed at 3%. In addition, each department budget has an allotment for merit increases, representing 2% of projected salary budgets. The mileage reimbursement rate is proposed at the IRS rate of 40.5 cents per mile up from the current rate of 36.5 cents per mile. Five new full-time positions and two part- time positions have been requested for the budget. I am recommending only one full- time position for grounds and the restructuring of GIS.

CONCLUSION

I submit to you, in accordance with the Fiscal Control Act, a recommended budget for fiscal year 2005-2006. During our deliberations, I am seeking direction concerning a method of funding for the outstanding Capital Projects that are prioritized by Council. I await your instructions at our upcoming budget workshops and public hearing

Town Manager Greg Young discussed the proposed rate increases in the water and sewer fund. Mr. Young said over the past six fiscal years the minimum rates have increased about 21%; water rates have increased 13.3% and sewer rates16.7%. Council member Mason suggested connecting the rate increases to actual useage rather than the minimum rates. She said we need to encourage citizens to use water wisely by educating the public about actual costs of operating a system. Town Manager Young said the rate increases are just to maintain operations within the fund, not future cost projections. Town Manager Young said the Town needs to locate a new water supply and sell water to keep debt service costs down. Council discussed at length future water needs and plant expansion. Town Manager Young summarized that the Town has a tremendous number of assets in our water and sewer department and felt that the Town should continue to manage our own system, rather than join an authority.

Council discussed the available fund balance and what the Local Government Commission reviews for approval of bond referendums. Council discussed the capital project lists and how to fund those projects. Council discussed at length the Horn-in-the-West and the future needs of that facility. Council discussed the Howard Street project and the potential for the area to convert to student housing. Council felt that the area should remain retail with apartments ancillary.

Council agreed to move forward to developing a plan for the passive recreation area in the Anne Marie Drive area and to continue the cooperative effort with Watauga County for development of the park. After discussing the matter, Council member Spann made a motion to allocate funds from the general fund balance to the following projects:

Horn in the West - $250,000 to be disbursed over the next three years at $83,333 per year.
Howard Street - $150,000 to begin the bond referendum process.
Anne Marie Drive Park Project - $250,000 to begin the passive recreation project.
Greenway Traffic Signal - $68,000 (the additional $12,000 will be paid by Village at Meadowview).

Council member Mason seconded.

VOTE: Aye-All

Nay-None

Mayor Burnley declared a break at 12:15 p.m. Council reconvened at 1:00 p.m.

Jones House Director Cherry Johnson presented Council a landscape plan that was first presented in May, 2001. Ms. Johnson requested $37,350 to complete the project.

After discussing the capital projects list again, on a motion by Council member Spann, seconded by Council member Clawson, Council moved to allocate funds from the general fund balance for the following projects:

Space Needs Analysis - $15,000 to hire a firm to prepare this report.
Jones House Community Center - $37,350 to complete Phase II of the landscaping project.
Police Department - $20,000 to continue enhanced neighborhood patrols.

VOTE: Aye-All
Nay-None

Council again discussed at length the water dilemma and future rate increases. On a motion by Council member Wilcox, seconded by Council member Mason, Council moved to allocate from the water and sewer fund balance $50,000 to inter-connect with ASU.

VOTE: Aye-All
Nay-None

Continuing to discuss the rate increases, Town Manager Young reiterated that Council needs to increase rates to start building up reserves for funding depreciation and future capital needs. Council member Mason again reiterated that the community needs to be aware of why these rate increases are occurring. Council member Wilcox felt the minimum water charges do not accurately reflect the actual cost of providing water and sewer service to the citizens. Council member Mason said she was concerned about low-income persons located outside the corporate limits paying double rates now; and, if the minimum rates rise, the service will be un-affordable to them. Council agreed to investigate raising minimum rates 33 % and raising actual useage rates 66% in order to receive $415,000 in revenue.

Council then reviewed the proposed budget, page by page. In looking at general fund revenues, Council member Mason said she would like for the Town to continue to investigate changing the occupancy tax legislation to benefit the Town, while maintaining the funding we currently receive.

While discussing the Jones House budget, Director Cherry Johnson presented why she needed additional funding over what was recommended. On a motion by Council member Mason, seconded by Council member Clawson, Council moved to allocate additional funding in the following line items:

$1,395 for Maintenance & Repairs
$420 for Rental of Other Equipment
$666 for Contracted Services

VOTE: Aye-All
Nay-None

In discussing the Outside Agency funding, Council discussed at length the proposal by AppalCART to create the fare-free system by charging an additional $5 vehicle registration fee. Council member Wilcox made a motion to allocate an additional $18,000 to AppalCART to create free fares for Town of Boone citizens.

VOTE: Aye-All
Nay-None

On a motion by Council member Spann, seconded by Council member Clawson, Council moved to allocate an additional $1,500 to the Children's Playhouse, as a one-time allocation to help the organization obtain grants.

VOTE: Aye-All
Nay-None

RECESS

On a motion by Council member Wilcox, seconded by Council member Clawson, Council moved to recess at 4:10 p.m. until Tuesday, June 14, 2005 at 1:00 p.m.

VOTE: Aye-All
Nay-None

A recessed meeting from Monday, June 13, 2005, was called to order at 1:00 p.m., Tuesday, June 14, 2005, in the Council Chambers, 1500 Blowing Rock Road. Mayor Velma C. Burnley presided. Council members present were Mayor Pro-Tem Loretta Clawson, Graydon Eggers, Lynne Mason, Bunk Spann and Dempsey Wilcox. Staff present were Town Manager Greg Young; Town Clerk Freida Van Allen; Deputy Town Clerk Kim Tester; Resource Director Jim Byrne; Fire Chief Reggie Hassler; Development Services Director John Spear; Public Services Director Blake Brown; Public Utilities Director Rick Miller; Police Chief Bill Post; Human Resources Director Peri Moretz and Finance Director Amy Davis.

BUDGET WORK SESSION

Council proceeded to review the budget page-by-page.

On a motion by Council member Eggers, seconded by Council member Spann, Council moved to allocate an additional $3,527 to the Police Department Overtime line.

VOTE: Aye-All
Nay-None

Fire Chief Reggie Hassler requested that, if additional funding is allocated from the State of North Carolina for ASU fire protection, that the funding should be used toward hiring additional personnel. Council agreed that, if additional funding is allocated, they will discuss the matter at that time.

Council agreed by consensus to work with Watauga County in removing junk cars using the Public Services grapple truck.

In discussing the Water and Sewer budget, Council agreed to increase the minimum water and sewer rates by $1.30 and increase the water and sewer charges by 40 cents.

ADJOURNMENT

On a motion by Council member Clawson, seconded by Council member Mason, Council moved to adjourn at 2:55 p.m.

VOTE: Aye-All
Nay-None

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Town Clerk Mayor