

**MINUTES -SPECIAL MEETING
BOONE TOWN COUNCIL JUNE
1, 2006**

A special meeting of the Boone Town Council was called to order at 8:30 a.m., Monday, June 1, 2006 in the Council Chambers, 1500 Blowing Rock Road. Mayor Loretta Clawson presided. Council members present were Mayor Pro-Tem Lynne Mason, Janet Pepin, Bunk Spann and Dempsey Wilcox. Staff present were Town Manager Greg Young; Town Clerk Freida Van Allen; Deputy Town Clerk Kim Tester; Assistant to the Manager Jim Byrne; Fire Chief Reggie Hassler; Development Services Director John Spear; Public Services Director Blake Brown; Public Utilities Director Rick Miller; Human Resources Director Peri Moretz; 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 2006-2007. The budget reflects continued service levels as in previous years. The budget highlights are outlined as follows:

GENERAL FUND

The general fund reflects the same service level as last year. Increases are based on operational costs and new expenditures. Those include gas and oil at an 82% increase, insurance (workmen's comp, auto and general liability) at a 19% increase and health insurance at a 10% increase. New expenditures include a \$50,000 appropriation for green space acquisition. 2006 was a re-evaluation year in Watauga County, so now one penny generates \$123,212 in tax revenue. Tax revenues are projected with a tax rate being set at \$0.355 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, which includes another Driver/Operator position for the Fire Department.

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. Council needs to set the DBDA tax rate and account for the taxes received and expended. The DBDA is recommending a \$0.145 per \$100 valuation tax rate this year, which is a reduction in the tax rate due to the re-evaluation.

WATER AND SEWER FUND

This fund is maintaining current operations this upcoming budget year. There are two major capital improvements projects found in the budget. One is additional funding for the Old Bristol Road sewer upgrade and two is for sharing in the design cost for the ASU interconnection. This budget also reflects an increase in appropriations for an incremental increase to meet future debt service requirements for a new water intake and high rating the filters at the existing water plant. In this fund, I am recommending that minimums be increased by \$1.20 each and rates be increased by \$0.30 per 1,000 gallons for both water and sewer. I am also recommending that Council increase the availability fee rates for both water and sewer since there has been only a minimal increase since 1987. We will discuss this increase at our upcoming budget workshop.

PERSONNEL

A cost-of-living salary increase is being proposed at 4%. There are appropriations within departmental salary line items in the budget for phased implementation of the pay plan recommendations which will be completed in the next couple of months. There is also some merit money included for positions that will not receive adjustments from the proposed pay plan implementation. The mileage reimbursement rate is proposed at the IRS rate of 44.5 cents per mile up from the current rate of 40.5 cents per mile. The budget also includes the addition of three new full-time positions. The first one is two driver/operator positions in the Fire Department (one to be funded by Rural Fire Service District). The other position is a lab assistant for the wastewater treatment plant.

CONCLUSION

I submit to you, in accordance with the Fiscal Control Act, a recommended budget for fiscal year 2006-2007. I await your instructions at our upcoming budget workshops and public hearing.

Council member Mason expressed her concern about increasing the water and sewer rates to the low-income housing project located in the ETJ, whose members currently pay double rates. Council member Mason requested that the Town consider lowering the rate for those residing in that housing project.

Public Utilities Director Rick Miller presented several concerns about the Water and Sewer Budget. The Old Bristol Road project bids came in at \$553,180 which is \$80,000 over what is budgeted. Public Utilities Director Miller said a quote for the dryer drum came in at \$275,000, which is \$225,000 over what is budgeted. Council agreed to accept the base bid.

Jones House Director Cherry Johnson reviewed the Jones House budget. Council discussed at length the tax re-evaluation, the required fund balance, and the proposed tax rate for next fiscal year. Council member Mason suggested implementing a tag fee. Council member Spann suggested investigating fees across the board.

Council discussed at length the upcoming pay study and implementation of that pay plan. Town Manager Greg Young pointed out that monies are included within the budget to implement a portion of the pay plan. Mr. Young said additional funding will be needed to fully implement the plan.

Council member Spann discussed funding a position for a full-time water conservation program coordinator. Mayor Clawson suggested that Council volunteer to help with the water conservation program. Council agreed to pursue an aggressive water conservation plan in the upcoming year and to investigate the position at that time.

Council discussed at length increasing the disconnect fees for the Water and Sewer Budget. Council member Pepin suggested increasing the fees for all departments as soon as possible.

Mayor Clawson declared a break at 10:25 a.m. Council reconvened at 10:40 a.m.

Council then proceeded to discuss each departmental budget. Council discussed at length staffing issues in the Development Services Department.

Mayor Clawson left the meeting at 11:30 a.m. She returned at 12:15 p.m.

Council discussed the Jones House budget and the need for the Town's purchasing policies to be used at the Jones House property.

Mayor Pro-Tem Mason declared a break at 12:06 p.m. Council reconvened at 1:00 p.m.

Council member Mason said that in the future, funding criteria for outside agencies will be different. She said that we need to make sure that we are spending Town funds wisely. Council then reviewed the special subsidies and allocation page.

Council discussed the investigation of lowering water rates for low-income persons or raising the threshold for hardship cases.

After announcing the proposed tax rate of \$.37, Council added \$4,000 in the budget for planting of trees.

Town Manager Greg Young presented an update on the Howard Street project. Council member Mason indicated her wish that the community would support the upcoming bond referendum.

ADJOURNMENT

Mayor Clawson adjourned the meeting at 3:11 p.m.

Town Clerk

Mayor