MINUTES – WORKSHOP/RETREAT
BOONE TOWN COUNCIL
May 28, 2019

CALL TO ORDER

A special meeting of the Boone Town Council was called to order at 9:00 a.m. on Tuesday May 28, 2019 at the Council Chambers located at 1500 Blowing Rock Road in Boone. Mayor Pro-Tem Loretta Clawson presided. Council Members present included Lynne Mason, Connie Ulmer, Sam Furgiuele and Marshall Ashcraft. Staff present included Town Manager John Ward, Town Clerk Nicole Harmon and Finance Director Amy Davis. The purpose of the meeting was to hold the Town's annual budget workshop.

DISCUSSION OF FY 2019/2020 PROPOSED BUDGET

Town Manager John Ward presented the budget message, which included the following highlights:

-Maintains the current tax rate at $.41
-Maintains current service levels
-Recommends a 3% cost of living adjustment for employees
-Minimum pay rate goal of $15 per hour for all full time employees
-Recommends an increase of $10 per vehicle for the municipal vehicle tax

Mr. Ward recommended increasing the municipal vehicle tax to the full extent in order to generate an additional $40,000 in revenue that could fund paving, which the Town was currently behind on. He noted a decrease in the total budget of approximately 1.8 million dollars due to a lack of appropriations. Brownfields properties were discussed briefly before discussion turned to the expansion of the Municipal Service District downtown. A phase-in approach of adding properties into the district was suggested, with Mr. Furgiuele suggesting that properties be included, but with different effective dates in an effort make the process more economical and to reduce complaints from other MSD members. Ms. Mason mentioned a potential decrease in Powell Bill funding, with Mr. Ward hoping that any potential decrease in funding would in turn encourage a move toward electric vehicles. He noted that other places were adopting an electric vehicle tax in order to help offset reduced gasoline usage. Mr. Furgiuele inquired about progress made on the effort to take over maintenance of Junaluska Road, and further stated that if other state roads were in the Town limits and in good repair, it seemed to be a good financial decision to attempt to take over maintenance of them as well. Mr. Ward expressed concern with Public Works staff being able to keep up with all their current duties, and that this problem would be magnified if there were additional roads added to their responsibilities. Mr. Furgiuele stated that he wanted to see an inventory of what streets the DOT maintained that were in the Town limits. Mr. Ward moved on to announce that due to the County's proposed tax increase, the Town would see a decrease in sales tax revenue. Mr. Furgiuele felt that every financial interaction with the County should be evaluated, and that he had grown tired of the Town diverting money to the County. Mr. Ward agreed that the County should take into consideration that Boone brought in between 60-70% of the sales tax revenue in the County. Ms. Mason followed by adding that the Town contributed infrastructure, parking, police and fire services, and that she was frustrated that the Town was expected to maintain these standards when the County continued to divert funds away from the Town. Mr. Furgiuele believed that the Town should stop giving the County breaks on property rental fees and should stop contracting with them for tax collection. Mr. Ward pointed out that if the Town did start collecting taxes on its own there would be a need for additional staff and a location to house them. Discussion turned to the updated fee schedules, with Mr. Furgiuele believing that projected revenue from Planning and Inspections department fees were marginal compared to Fire. Mr. Ward explained that staff knew ahead of time what fire inspections would be performed each year, but were unsure of the projects that would need to be inspected by Planning and Inspections. He added that moving forward, he anticipated having a quarterly comparison report on fee revenues. Parking was discussed next, with Mr. Ward noting a slight increase in cost due to start-up costs. He stated that he would wait as long as he could before ordering replacement police vehicles to see if hybrid all-wheel drive SUV's became available from Ford in time to order from this year's budget. Mr. Ward recommended the use of $477,974 of excess reserve funds to fund different priorities, and added that additional funds would have to be pulled from the excess fund balance to purchase additional hybrid vehicles. Mr. Ward suggested that Council not use all of the fund balance excess, since there was a significant number of capital projects that were left unfunded, including Hunting Hills engineering, multi-use path from Brookshire Road and a street sweeper replacement. Mr. Furgiuele viewed the conversion to electric vehicles as an emergency, and felt that the Town should take advantage of low interest rates. Mr. Ward announced that the Town's application to the Appalachian Regional Commission for Howard Street improvements had passed the pre-application stage and a full application would be submitted next. He indicated that the current plan was to discuss final pricing in late summer/early fall, then staff would submit an application for a community facilities loan and utilize the hotel/motel tax revenue above $400,000 from the Tourism Development Authority to make that payment. Finance Director Amy Davis indicated that there was currently $1.4 million in the Howard Street fund. Mr. Ward stated that both New River Light and Power and AT&T were moving forward with their work on the project. Discussion moved to legal fees, with Mr. Furgiuele reiterating his position that the Town needed a full-time attorney for various projects. Mr. Ward stated that AppalCART had requested an increase in funding from the Town, but that it would not be possible without a tax increase. Mr. Furgiuele felt that if an increase was ever awarded to AppalCART, that it should be conditioned on them purchasing an electric bus. He added that he frequently saw empty buses and was concerned that AppalCART was not concerned with their environmental impacts. Mr. Ward pointed out the cost increase that was budgeted in the amount of $75,000 for solid waste, and reminded Council that next year, the increase would double. He added that as a result of this fee increase, the Town would have to approve a one cent tax increase to break even. Mr. Furgiuele suggested that the Town consider providing flyers in water/sewer bills about the impact of the cost to residents and to educate them on the need for them to pay attention to the things they dispose of. Ms. Mason asked whether the Town would pay the fee for large furniture items, with Mr. Ward answering that if the resident called the Town to pick it up, the Town would pay the cost. Mr. Furgiuele suggested that the Town coordinate with ASU on the transport of usable items to the annual resale event at Legends. Ms. Mason added that ASU arranged pick-ups on campus, and that they may be willing to work with the Town to provide pick-ups off campus as well. Mr. Ashcraft suggested that it may be worthwhile to see if local non-profit agencies would be interested in picking up items for resale. Mr. Ward was concerned that if Council chose to continue to absorb the cost of Watauga County's decisions, it would get to the point that Council would be forced to raise taxes just to offset the County's additional charges. Mr. Furgiuele agreed and suggested that Town services provided to the County be examined. Discussion continued to employee health insurance, with Mr. Ward noting the first increase in seven years due to the increased use of the reinsurance policy. He stated that due to this increase, the wellness cards would be issued at $250 instead of $500 at a savings of approximately $44,000. Mr. Furgiuele was concerned with reducing the amount of the card, which he saw to be an incentive for people to stay healthy. Ms. Mason suggested incentives for fully covering employees' insurance, with Mr. Ward indicating that it would be difficult to track such a program. Mr. Furgiuele suggested that the program be based on self disclosure, with Ms. Mason expressing that employees should bear some responsibility to stay healthy partially in an effort to keep insurance costs low. Ms. Ulmer expressed concern about a decrease in morale and employee retention if this program was initiated, with Mr. Ward echoing these concerns. Mr. Furgiuele felt that the expenditure of $44,000 from the fund balance to fully fund the wellness card would be a good expenditure. Mr. Ward agreed and stated that staff would work together to look into an incentive program in the future. Ms. Mason added that she believed outside agency funding should be continued, due to a high rate of people in the community who did not have insurance at all and were making far less than $15 an hour. She reiterated her suggestion of using old parking meters as donation banks with the funds being distributed to the local non-profit organizations. Mayor Pro-Tem Clawson declared a break at 10:48 a.m. Council reconvened at 10:58 a.m. Mr. Ward suggested funding the additional $44,000 for the Wellness card out of the general fund and half from the water/sewer fund. Mr. Furgiuele then asked what a one cent tax increase would represent in the MSD, and stated that he was against a tax increase Town-wide, but may support one within the MSD to help fund projects. Ms. Davis indicated that this increase would bring in approximately $6,000. Mr. Ward announced that staff had worked to address an issue within the Fire Department with increased overtime by utilizing rural fire funds to adjust the pay grade for existing Fire Department personnel and working through lunch breaks the same as Police Department employees. Mr. Ward also noted that he had authorized the Police Department to make internal adjustments to help deal with compression issues. Mr. Furgiuele asked about the $5,000 estimate in tax revenue from The Standard brownfield site, in that he felt this amount was low. Ms. Davis stated that staff tried to remain conservative and work with historical data. Mr. Ward stated that staff could come back to Council if that number was exceeded. Mr. Furgiuele asked that staff report back to Council at the end of the fiscal year. Ms. Davis stated that she would send Council a collection report at the end of each month. Ms. Davis pointed out that the increase in parking revenue was tied to increased collections (not increased parking citations) due to having in-house parking staff. Mr. Ward stated that the Town currently had approximately $67,000 in unpaid parking tickets and that the new tracking system would also help with enforcement. Mr. Furgiuele asked how the Town's long-term parking charges at the Horn in the West compared to others in Town and felt that the lot was so convenient, the cost should be competitive. Mayor Pro-Tem Clawson declared a break at 11:45 a.m. Council reconvened at 12:07 p.m. Discussion turned back to parking, with Ms. Mason suggesting that Jones House and Queen Street parking be monitored on the weekend, and potentially rent spaces Monday-Friday for downtown employees, which would open up parking in those lots on the weekends. Mr. Furgiuele felt that the Town should begin charging for parking on Sundays, at least during the afternoon hours, even if it were not strictly enforced. In response to a question raised by Mr. Ashcraft, Mr. Ward passed out a sheet outlining the unfunded items left out of the budget. These items included three police officers, Hunting Hills slope engineering, vacuum truck and a street sweeper. He stated that if a tax increase was not approved to fund these items, money could be pulled from the reserve fund if needed. Mr. Ashcraft asked whether the entire Hunting Hills neighborhood would be cut off if a collapse were to happen, which Mr. Ward confirmed was true. Mr. Furgiuele asked about the increase in cost for natural gas usage at fire station two and felt that cost increases for this type of thing should be approved with caution. He stated that in an effort to have some control over sustainability in Town, departments should not be able to increase last years' costs without Council approval. Mr. Ashcraft felt that as the Town moved toward hybrid and electric vehicles, that funding for fossil fuels be gradually reduced and that the savings should be funneled toward energy savings and carbon neutrality. Mr. Furgiuele was against raising taxes to fund these items and suggested that the first priority that should be funded if there was an overage in tax revenue was the Hunting Hills slope engineering, with the street sweeper as the second priority. Mayor Pro-Tem Clawson, Ms. Ulmer and Ms. Mason agreed. Mr. Ashcraft stated that he would support a tax increase to fund sidewalks and greenways. He felt that Council has indicated these were priorities to them in the past and that they should be acted upon, even if it meant a raise in taxes. Mr. Ashcraft expressed that he would also like to see the Town acquire property for parks and tree plantings. Ms. Mason felt that Mr. Ashcraft raised important issues, and felt that the Town should also foster safe alternative transportation methods. Mr. Ward reminded Council that the tax increase proposed by the County would not affect the Town until 2021, and that just to offset the loss of funds from the tax increase, the Town would have to approve a $.05 increase just to balance out. He believed that there was some benefit to raising taxes incrementally rather than in one larger tax increase. Mr. Furgiuele believed that in order to properly address climate neutrality, the Town should do a major trade out of vehicles for electric vehicles as soon as they become available. He also agreed that the Town should resume setting aside funds for acquiring greenspace, but would rather make that a priority with any additional tax revenue. Mr. Ward stated that there was currently $15,000 in a tree fund and that trees would be planted soon at the Water and Waste Water Treatment Plant. Ms. Mason remained concerned at the NC Highway 105 issue, and suggested a multimodal path along Hwy 105, even if just on one side. Mr. Ward expressed concern at the cost of right of way acquisition for such a project. Mr. Furgiuele suggested a multimodal pathway along Poplar Grove Road instead. Additional traffic enforcement was discussed, with Mr. Ward suggesting that if the grant program similar to the one the Fire Department used last year to phase in officers became available, Council should consider allowing staff to apply. Mr. Ashcraft and Mr. Furgiuele felt that the Hunting Hills slope engineering and the Grove Street path should be funded out of reserve funds. After brief discussion, it was the consensus of Council to move forward with the funding of the Hunting Hills slope engineering and the Grove Street path out of reserve funds.

ADJOURNMENT

Upon a motion by Ms. Ulmer, seconded by Ms. Mason, Council voted to adjourn the meeting at 2:04 p.m.

VOTE:	Aye:	Ulmer, Mason, Furgiuele, Ashcraft
	Nay:	None

Nicole Harmon, Town Clerk

Rennie Brantz, Mayor