MINUTES – SPECIAL MEETING
BOONE TOWN COUNCIL JUNE
10, 2013

A special meeting of the Boone Town Council was called to order Monday, June 10, 2013, at 8:40 a.m. at the Council Chambers, 1500 Blowing Rock Road. Mayor Loretta Clawson presided. Council members present were Mayor Pro-Tem Jamie Leigh, Rennie Brantz, Allan Scherlen, Lynne Mason and Andy Ball (arrived at 8:44 a.m.). Staff members present were Town Manager Greg Young, Town Clerk Kim Brown, Deputy Town Clerk Christine Pope, Assistant to the Manager Jim Byrne, Human Resources Director Peri Moretz, Planning Director Bill Bailey, Cultural Resources Coordinator Mark Freed, Fire Chief Jimmy Isaacs, Public Works Director Blake Brown, Public Utilities Director Rick Miller, Finance Director Amy Davis and Police Chief Dana Crawford (arrived at 8:44 a.m.).

The purpose of the meeting was to hold a budget work session.

DISCUSSION AND REVIEW OF PROPOSED FY 2013-2014 BUDGET

Council began the discussion by reviewing the handout of requested additional information submitted by Town Manager Greg Young and Finance Director Amy Davis **(Copy of handout permanently on file in Town Hall.)**.

- **Tax Billing/Collection**

Ms. Davis indicated that the county has five to six people in collections alone, that she contacted anyone in the state that had the time to speak with her and the consensus was that most towns of our size have approximately two employees for this purpose. She added that the cost estimate for software modifications includes some recurring, annual costs, the estimate does not include phone, returned postage costs, etc. and the base salary for the two employees was estimated at $40,000 each.

- **Cleaning Services**

Mr. Young stated that the estimate takes into account two full-time employees working at night—an easier time to clean the Town buildings. Human Resources Director Peri Moretz indicated that the base salary for a town custodian is just under $24,000. Ms. Davis added that $44,000 per year is the current cost for contracted cleaning services for the Town, which includes supplies and staff. Discussion ensued regarding what services are included in the current contract. Council Member Leigh wondered how the company is making profit off this contracted salary while having three, full-time staff. Mr. Young indicated that the Town received three bidders for the upcoming fiscal year for cleaning services.

- **Parking Services**

Ms. Moretz reviewed the staff positions through McLaurin Parking and stated that it is hard to compare the in-house cost of parking enforcement with other municipalities, since most of them use McLaurin, too. Mr. Young stated that the bids are coming in at approximately $166,000—an increase from McLaurin's current rate by 2.5%, but still the low-bidder. Mr. Young added that McLaurin will pass any savings onto the Town for holidays off and other reasons the employees may not be working certain days.

- **Capital Reserve Funds**

Public Works Director Blake Brown reviewed the condition of the public works/utilities building structure, adding that he believed it had probably two years left before no longer being able to use it. Council Member Scherlen wondered if the Town needs to look at a public works building specifically, not a civic center for all departments.

Ms. Davis stated the Howard Street fund is at $150,000 and is still a line item, not a reserve. Council agreed that these funds could be used for other means, if needed.

- **Tourism-Supported Expenditures**

Mr. Young stated that the Town tries to request a larger number than the actual anticipated amount allotted in case the Tourism Development Authority does not want certain things, so that the request still reaches the amount that has to be allocated to tourism-supported expenditures. Council reviewed the requested line items. Discussion ensued regarding funding for the repairs to the rock house on the Rivers-Coffey property. Mr. Young suggested that the Town replace the gas furnace with a heating/cooling system to be more efficient and less costly than the price of fuel. Council Member Leigh felt that some of the requests should not be 100% of the total cost. She used the 4th of July celebration as an example. Council Member Mason agreed, adding that items like snow removal and greenway maintenance could have more funds geared toward it. Mr. Young indicated that the 4th of July fireworks cost is only a portion of the cost for 4th of July activities in town. Council Member Mason requested that the total cost for 4th of July festivities be shown on the form in order to compare to the $6,500 cost of fireworks.

Police Chief Dana Crawford stated that his officers spend a lot of time controlling intersections during ASU game days for traffic leaving town as well as with regulation before, during and after events, especially with alcohol involved. He added that ASU Police does help the town during events like the 4th of July parade. Mr. Brown added that special clean-up is needed during ASU game days. Council Member Mason suggested the town look at how it supports these events that are heavy on tourism, and maybe look into partnering with the TDA to help fund these event costs.

- **Parking Meters Downtown**

Council members Leigh and Mason requested that Town Council table this discussion until next Monday when Cultural Resources Director Pilar Fotta and Downtown Development Coordinator Virginia Falck could also be present to discuss the plan that might work as discussed by the Downtown Boone Development Association (DBDA). Ms. Davis indicated that it would be a time-crunch to get this together in one day if the Town waits to discuss this until next Monday. Mr. Young added that there is currently no funding in the proposed budget showing a cost-share for meters and the Town would need to find money to do so. Council Member Leigh stated that she is opposed to the DBDA having to pay the full salary of the downtown development coordinator with the additional MSD funds, adding that the agreement to cost-share the position was established only two years ago. Council Member Mason agreed that the Town has a good working relationship with the DBDA, and the board would like to propose paying the equivalent of 50% of the position to the Town toward the meter project. She added that switching to meters would address the town manager’s concern with validation stamps and lost revenue, and would create a fairer parking system downtown. Mr. Young stated that with this in mind, the Town would still need to find $30,000 to cover their half of the downtown development coordinator’s salary. Council asked if they could move the budget public hearing to Thursday, June 20 to give staff more time to adjust the budget. Town Clerk Kim Brown stated the hearing notice had already been posted, scheduled for Tuesday, June 18. Council Member Brantz stated that he would like more information and was concerned about rushing into this in the next 10 days. Council agreed to wait to hear from Cultural Resources Director Pilar Fotta and Downtown Development Coordinator Virginia Falck the following Monday, July 17, to arrive at rough figures regarding expenditure and revenue for this potential project, needing approximately $80,000 to cover the implementation costs.

Mayor Clawson declared a break at 10:05 a.m. Council reconvened at 10:24 a.m.

- **Dental Premiums**

Ms. Moretz stated that employees currently do not contribute to dental plans. According to the N.C. League of Municipalities:

- 93% of municipalities offer dental insurance to employees
- 78% of municipalities pay for employee coverage
- 89% of municipalities offer dependent coverage
- 22.3% of municipalities pay for dependent coverage

She added that it costs approximately $468 for family coverage per family per year and approximately $130 per employee per year for employee-only coverage. Council requested the total per year for employee-only coverage versus full employee/spouse/dependent coverage.

- **Municipal Service District/DBDA Budget**

Council Member Leigh suggested waiting to discuss this next Monday, adding that the DBDA may be looking to cover upfront costs of fully implementing meters downtown.

- **E-911 Consolidation**

Council Member Mason felt that this discussion warranted a special meeting to evaluate how the Town wants to proceed, adding that she felt it was too late in the budget process to begin this discussion. Police Chief Crawford was concerned that the service provided may not be as good if consolidating. Council Member Mason requested the E-911 Committee get together, research the experience of other local governments who have consolidated, review the answers to questions submitted to the County, and make a recommendation to Council.

CONTINUED DISCUSSION OF PROPOSED FY 2013-2014 BUDGET

Council Member Mason began the discussion by addressing her concerns with the proposed budget. She indicated that she is not in support of a property tax increase, the elimination of additional sidewalk funding, the elimination of outside agency funding and changing the funding method of the downtown development coordinator position. She added that she does not see where a 5% reduction of the budget was made and wondered if the Town needs a lobbyist. She also felt that the Town needs to ensure adequate staffing for services and should not strive to maintain status quo to retain all staff. She believed that the Town needs to use the $2 million fund balance and $1 million floating fund to balance the budget this year, and can revisit capital projects later in the year once the Town knows what bills are passed in the General Assembly.

Mayor Clawson stated a lot of people in the town are on fixed income and retired, and it would be very difficult for them to handle a tax increase. Lengthy discussion ensued regarding the potential loss in revenue—of approximately $1 million—that could result from the bills currently in the General Assembly. Town Manager Greg Young indicated that he tries to maintain a 35% threshold for rating purposes if the Town ever needed a bond referendum. He added that the departments each cut approximately 5% from their budget, 5% across the board cut from travel and training, and the $1.3 million cut indicated in the budget message includes both increased revenues and line item cuts to cover this amount. Mr. Young also advised that operational costs are fixed for the most part—gas, electricity, personnel, etc.—and that he tried to keep the proposed tax increase as low as possible. Discussion ensued regarding potential ways to avoid a tax rate increase and cover the loss in sales tax revenue. Council Member Scherlen suggested doing a temporary tax increase.

Council Member Brantz left the meeting at 12 p.m.

Mr. Young indicated that there will not be any floating money left after the $2 million in order to retain $1 million for the potential of bills being approved that are currently in the General Assembly. Council Member Ball suggested taking the $2.25 million fund balance coming back in the fall to put toward capital needs and taking the $306,500 currently allotted for capital outlay projects to fill another gap—parking meters, downtown development coordinator position, screens for restrooms at Horn in the West, and/or Boone Housing Authority funds.

Mayor declared a lunch break at 12:03 p.m. Council reconvened at 1:03 p.m. Council Member Brantz returned at 1:13 p.m.

Following lengthy discussion, Council requested that Town staff make the following adjustments to the proposed FY 2013-2014 budget:

- $25,000 municipal vehicle tax revenue transferred back to sidewalk funding
- $20,500 increase in occupancy tax revenue
- $306,500 ($180,000 for street sweeper refurbishment, $76,500 for 3 police vehicle replacements, $50,000 for rock house repairs) pulled from capital outlay funds with the plan to potentially put back in after the audit
- $28,772 back to downtown development coordinator position funding
- $3,250 back in budget for fireworks
- $25,000 pulled from parking validation stamp revenue
- $25,000 to be used for rock house repairs using Option #2 recommended by staff from current year's allocated budget
- $30,000 additionally allotted for Boone Housing Authority
- $300 for screens in restrooms for Horn in the West absorbed by public works department
- $1,000 for revenue and expense line items for contracted services for Jones House event staffing

- $9,824 increase adjusted for McLaurin Parking contract renewal – Council Member Mason asked that customer service expectations be included in the contract, if possible.

Mr. Young noted that Council can expect an estimated $31,214 in potential savings for general liability insurance. Finance Director Amy Davis indicated that two months of the current fiscal year will also be affected by the change in sales tax distribution—approximately $313,000 based on last year's balance.

Council discussed taking the $3.25 million potentially remaining balance above the 35% threshold ($2.5 million balance + $750,000 in floating funds) minus $1 million to cover potential losses from bills in the General Assembly minus $1 million for floating funds, minus adjustments to the budget and sales tax loss for the remaining two months of the current fiscal year to leave a total of $225,000 (in addition to the floating $1 million). Council members Scherlen, Leigh and Brantz voiced their opposition to using the fund balance to avoid a tax increase. Council member Mason and Ball voiced their opposition to a tax increase this year.

Mr. Young asked Council how much they were comfortable spending from the fund balance. Council briefly discussed funding lobbyists for the water intake project, and agreed to leave the funding as is for the time being.

Council requested information regarding potential revenue/expense to implement downtown parking meters, dental premiums, increasing Planning and Inspections Department permit fees, implementing park user fees, and possible rental of the conference room at the downtown post office for next Monday's meeting. Council Member Scherlen requested information showing how property taxes in Boone compare to other communities our size. Mayor Clawson requested action to be taken on the agenda for the next meeting. It was the consensus of Council that $466,975 was needed in order to balance the budget without a tax increase.

ADJOURNMENT

Upon a motion by Council Member Mason, seconded by Council Member Scherlen, Council moved to adjourn the meeting at 2:36 p.m.

VOTE: Aye – All
Nay – None

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Christine Pope, Deputy Town Clerk | Loretta Clawson, Mayor