MINUTES – SPECIAL MEETING
BOONE TOWN COUNCIL June
18, 2012

A special meeting of the Boone Town Council was called to order Monday, June 18, 2012, at 8:34 a.m. at the Council Chambers, 1500 Blowing Rock Road. Mayor Loretta Clawson presided. Council members present were Mayor Pro-Tem Jamie Leigh, Allan Scherlen, Lynne Mason and Rennie Brantz. Staff members present were Town Manager Greg Young, Town Clerk Kim Brown, Assistant to the Manager Jim Byrne, Human Resources Director Peri Moretz, Planning Director Bill Bailey, Downtown Development Coordinator Pilar Fotta, Police Chief Dana Crawford, Fire Chief Jimmy Isaacs, Public Works Director Blake Brown, Public Utilities Director Rick Miller, Finance Director Amy Davis and Administrative Support Specialist Christine Pope.

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

Town Manager Greg Young began by presenting a PowerPoint presentation (**copy of PowerPoint presentation permanently on file at Town Hall**) detailing the following:

- Recommended Budgeted Funds (General Fund, E-911, Narcotics Enforcement, Water & Sewer, Health Insurance, Municipal Service District and Rural Fire District)
- Comparison of the FY 2011/12 Approved versus FY 2012/13 Recommended Budgets
- Property Tax Collections as of April 2012
- Analysis of Tax Exempt Properties since FY 2004/05
- Outside Agency Funding Recommendations
- Water & Sewer Rates
- Personnel
- Proposal from G&T Communications, Inc. for a Public Information Officer
- Status of College Street Project
- Status of 2009 FEMA Reimbursement
- Status of NC DOT – U 4020 Project

GENERAL FUND

Town Manager Greg Young stated the general fund reflects the same service levels as last year. He indicated that revenue projections remain conservative for the upcoming year due to the state of the economy and recommended the property tax rate remain the same.

Mr. Young stated that at this time the town is ahead with a good tax collection rate, but could balance out to be the same rate as last year in the end. Mr. Young also advised that, as long as the tax collection rate is above 96%, collecting through the county is still the best method, but if it dropped below 95-96%, then the town would want to take another look. He stated the current tax collection rate is 97.5%.

OUTSIDE AGENCY FUNDING ALLOCATION

- Appalachian Regional Library/Watauga County Public Library and Definition of an Outside Agency

Mayor Pro-Tem Leigh stated that, during this year's meeting and the last several meetings, the Outside Agency Funding Review Committee has believed government agencies should not be considered appropriate applicants through this funding system. The committee has asked Council to clarify the definition of an outside agency, so they know they are making the right choices in funding in the future. Mayor Pro-Tem Leigh also stated Watauga County Parks and Recreation and W.A.M.Y. Community Action have been denied funding because they are government agencies. She noted that, in looking into the library's application, the cover letter states they are a government agency, and the boards are appointed by county commissioners and a commissioner has a seat on each of the local boards. She advised Council that the committee felt if the library were to be considered a government agency, the funding should be zero, but no one wanted to leave the library out unnecessarily this year. The committee has requested Council clarify the definition of an outside agency and for those who are no longer eligible to apply to be notified. Council Member Brantz stated the guiding principle in previous years was helping agencies in need and wondered if it was the guiding principle again this year. Mayor Pro-Tem Leigh stated it

was, and explained to Council the process by which decisions on funding are made each year. She added that the scoring of applications weighs heavily on organizations helping underserved populations and their scores end up being higher due to that fact. She also stated the committee felt that people who live in the town of Boone should not be paying taxes a second time, which is why government agencies may not be appropriate for this funding. Mayor Pro-Tem Leigh also stated this issue has come up all three years she has been on the committee. Council Member Scherlen stated 85% of the local library's cardholders are residents of the town of Boone. Mayor Pro-Tem Leigh noted this percentage was not included in the library's application, but even beyond the fact that they may not be eligible for funding, they still received a low score overall for their application. She added that she is not confident they would have done better even if the question of eligibility had not come up.

Council Member Mason stated she believes it would be good to refine the application criteria. Council Member Scherlen stated he felt Council needs to clarify the outside agency definition, but would like to accept the library recommendation of $5,000 this year. He added that he did not see funding the library as possible double taxation, but as support from several places for a vital service. Mayor Pro-Tem Leigh stated she takes the opposing view, and the committee would have given the library zero funding if considered a government agency. Council Member Mason stated that if another entity is providing funds, they may need to be part of a separate type of funding from the town.

E-911 FUND

Town Manager Greg Young stated that, based upon the 911 Board's statewide analysis of distribution, the town's allocation has increased by $2,438 annually. He also noted that the town's E-911 Committee is putting together a list of questions and concerns regarding possible consolidation. Police Chief Dana Crawford stated he hoped the list would be ready by the beginning of the following week for Council's consideration.

Chief Crawford added that a bill was being sent up—currently still in committee—stating there would be operational oversight to determine what would be required of a 911 center. He stated a new bill came out last Friday as well stating that, instead of an operational oversight, there would be a technical oversight. He advised that he believes this means they would provide suggestions for what they should do rather than requirements. Chief Crawford also stated there has been a lot of support from the Sheriff's Association, Chief of Police Association of North Carolina and municipalities.

NARCOTICS ENFORCEMENT DIVISION

Police Chief Dana Crawford indicated there has been an increase in narcotics activity due to synthetic drugs. However, Chief Crawford does not think the department needs more resources, because the State Bureau of Investigation is picking up cases and surrounding communities are working together to deal with the issues before they get to Boone, and this has been a successful method for the last six to eight months. Chief Crawford added that the town gets the money back from the Department of Justice and Department of Treasury as well as state tax revenue from seizures. He explained that this money has specific purposes, including undercover drug buys, equipment, intelligence and technology.

RURAL FIRE SERVICE DISTRICT

Town Manager Greg Young stated the proposed tax rate for the rural fire service district is $0.05 per $100 valuation, which is an increase of $0.01 intended to fund a future third fire station. Mr. Young added that this recommendation comes from the Rural Fire District Board.

MUNICIPAL SERVICE DISTRICT

Town Manager Greg Young stated the recommended budget reflects municipal service district revenues budgeted at $0.21 per $100 valuation and a 96.75% collection rate in accordance with Watauga County's appraised values. Mr. Young added that the budget reflects continued costs at 50% of salary and fringe benefits for the downtown development coordinator position, with the remaining 50% funded within the General Fund.

WATER AND SEWER FUND

Town Manager Greg Young stated there is one major capital improvement project included in the proposed budget—the sewer rehabilitation of Mac Street, Tracy Circle and Crest Drive. Mr. Young explained that the budget also reflects a continued incremental rate increase to meet

future debt service requirements for a new water intake, transmission main and high-rating the filters at the existing water plant. He noted that increases for water and sewer minimums are proposed at $0.25 for residential and commercial accounts; water consumption rates are proposed to increase $0.25 per 1,000 gallons in each tier (inside city limits); sewer usage rates are proposed to increase $0.25 per 1,000 gallons (inside city limits); rate increases for outside customers are proposed at $0.50 for residential and commercial minimums; water consumption rates are proposed to increase $0.50 per 1,000 gallons in each tier (outside city limits); and, sewer usage rates are proposed to increase $0.50 per 1,000 gallons (outside city limits).

Mayor Clawson asked if this budget depends on the recently introduced House Bill 1227. Mr. Young stated it does. A brief discussion ensued regarding the status of the bill and possible options if it does pass. Council Member Brantz stated the community needs to contact the legislatures. Council Member Mason stated there is concern for our rivers drying up, but there needs to be good water management.

PERSONNEL

Town Manager Greg Young stated a cost-of-living adjustment for all personnel is recommended at 3% based upon the current CPI and COLA. He noted that there is no merit funding recommended within the budget, and the health and dental premiums will be maintained with no increase in cost. Mayor Clawson stated she believed a 3% adjustment is higher than other places and leaves little money for sidewalks and other matters. Mayor Pro-Tem Leigh added that she would like to think of alternatives—possibly a bonus system or tiered system that would have a bigger impact on lesser-paid employees. Mayor Clawson asked that this be reviewed by Council and discussed during the second day of the budget work session.

Mr. Young also stated there is a recommendation in the budget to add two full-time employees (a cultural resources director and administrative support specialist) and one part-time employee (an administrative support assistant) for the Cultural Resources program. Discussion ensued regarding the need for all three positions.

Mayor Clawson declared a break at 10 a.m. Council reconvened at 10:27 a.m.

PUBLIC INFORMATION OFFICER POSITION

Town Manager Greg Young stated the budget did not include funding for a public relations position because he did not feel like he could recommend another position without a tax increase. He added that he spoke to G&T Communications, Inc. and asked for a basic proposal of the cost to contract public relation services from them. **(Copy of G&T Communications, Inc. proposal permanently on file at Town Hall.)** Discussion ensued regarding the cost to contract a company or individual to handle public relations versus funding a position with the town, as well as what Council would like to see happen with public relations.

COLLEGE STREET PROJECT

Town Manager Greg Young stated the remaining $287,720 of the FEMA reimbursement for the ice storm several years ago is scheduled to be mailed to the town in the next four to six weeks. Mr. Young indicated that he would like to apply $27,154 of this to administrative funding and the remaining toward the College Street project if possible.

NC DOT U-4020 PROJECT

Town Manager Greg Young stated the town still needs $245,386 to-date for this project and is not included in the budget.

HOWARD STREET PROJECT

Town Manager Greg Young stated no funding has been allotted for this project in the budget. Downtown Development Coordinator Pilar Fotta stated the architects who designed Wall Street in Asheville, N.C. are trying to schedule a time to come to Boone to give the town some preliminary ideas for the design of Howard Street, and this trip may be at no cost to the town.

SIDEWALK EXPANSION

Town Manager Greg Young stated there is no increase in the budget for sidewalk expansion. Discussion ensued regarding the current sidewalk expansion budget of $50,000 and the need for this to be increased.

AFFORDABLE HOUSING

Town Manager Greg Young stated the budget did not allow for an affordable housing study, but if needed, the money would have to be pulled from money to do budget amendments with.

CAPITAL IMPROVEMENTS

Finance Director Amy Davis stated the budgets for capital improvements are in the budget packet behind each department's breakdown. Mr. Young added that he believes there is over $200,000 in capital improvements—a little more than last year.

DISCUSSION OF PROJECTED REVENUES

Finance Director Amy Davis stated the League of Municipalities' numbers determined the fiscal year estimate, and these estimates and projections are very conservative. Town Manager Greg Young reiterated that, even though the town may receive more in tax collection, the budget is at a more conservative number, because it is uncertain what may happen with the economy.

DISCUSSION OF NATURAL GAS/OIL

Town Manager Greg Young stated gas was running approximately $3.79 per gallon when the budget was put together and that was the number they used in budgeting. He stated they also put a reserve amount in case it increases over the coming year. Finance Director Amy Davis indicated that they projected a 15% increase for gas and other utilities. Mr. Young added that the town is trying to convert all facilities to natural gas, which is much cheaper than propane. He stated the town is still waiting on natural gas to be hooked up at the Jones House and downtown post office building. Police Chief Dana Crawford added that they have a new generator on natural gas at the police department, and it has provided a noticeable decrease.

GENERAL GOVERNMENT

- Clarification on Line Items

Council Member Mason asked for clarification on what constitutes a miscellaneous expense. Finance Director Amy Davis explained that this includes such a variety of items that it would be more work for town staff and auditors to provide a line for each item. Mayor Pro-Tem Leigh suggested providing a separate page in the budget packet if a large portion of the miscellaneous expenses went toward a certain item. Ms. Davis stated she would bring in a list of items that are typically included under miscellaneous expenses to the second day of the budget work session. She added that anything over $5,000 is capitalized and gets its own line item.

Town Manager Greg Young explained that "Contracted Services" includes everything from engineering fees to assistance with press releases and janitorial services. Fire Chief Jimmy Isaacs added that this is also used for software maintenance for all town departments.

- Human Resources

Mr. Young stated employees can choose to do both the NC Retirement System and 401K, and no matter what employees put into their 401K, the town provides a 5% contribution. Human Resources Director Peri Moretz added that, for a general employee, the life insurance coverage is $40,000.

Ms. Moretz explained that the $8,000 allotted for awards went toward the Christmas party, awards for employees with so many years of service, retirement events and other things similar to these.

Mr. Young indicated that the insurance deductible reimbursement money was primarily for professional liability insurance.

- Interning

Mr. Young stated it is valuable to have an intern, but he does not always have time to dedicate to an intern, which is why he has a paid intern for only one semester per year. He added that there may be an opportunity for students to intern in other departments if Council was interested.

FINANCE

Finance Director Amy Davis stated a bid was put out for audit services, and the budget line item titled "Bank Service Charges" is primarily for credit card processing. Town Manager Greg Young stated he believes the contractual service charges for Town Attorney Sam Furgiuele will increase, because of the legal expense for the noise ordinance lawsuit.

Mr. Young added that it was much more cost effective to contract out for cleaning services, because they provide the supplies. Ms. Davis indicated that the total cost for the cleaning services is approximately $38,000.

BLOWING ROCK ROAD BUILDING

Finance Director Amy Davis indicated that the $40,000 fiscal year estimate was for a new generator. Police Chief Dana Crawford added that there is no more space in the dispatch center and their software needs to be upgraded. He added that the dispatch center will need to move soon if kept.

JONES HOUSE

Town Manager Greg Young stated the landscaping contract for the Jones House is up June 30, 2012. He added that some money is needed for landscaping with the help of the public works department.

TOWN HALL

Town Manager Greg Young stated the $22,500 for repairs is for exterior painting and windows. Finance Director Amy Davis added that the capital outlay included in the budget was also for this exterior work depending on the cost of the fixes.

SPECIAL PROGRAMS AND PROJECTS

Town Manager Greg Young stated he was uncertain of the exact percentage the town covers for AppalCART compared to others, but there is an increase in funding from the town this year.

Mr. Young also stated money was taken out of the Horn in the West budget to apply money to the Brown Building capital reserve fund. He added that any money for Horn in the West needs to be for basic maintenance, and the Cultural Resources Board will need to determine what money should be allotted for bigger projects. Mr. Young also stated he believes the people who utilize Horn in the West should help pay for basic upkeep. Public Utilities Director Rick Miller added that the water lines were recently replaced up to the ticket office, and the town is absorbing expenses for maintenance into other budgets. Mr. Young stated the town will need to think about demolition costs for the Powderhorn Theater in the near future, which is not included in the budget.

Finance Director Amy Davis stated there is still approximately $14,000 in the budget for the tree-planting project, and some of this may have already been spent to plant trees downtown. In response to Mayor Pro-Tem Leigh's question regarding money budgeted for trees along US 421, Ms. Davis stated the only money for trees she is aware of is the $14,000. Assistant to the Manager Jim Byrne added that the town could apply for a tree grant.

Mayor Clawson recessed the meeting at 12:29 p.m. until Tuesday, June 19, 2012, at 3 p.m.

A special meeting of the Boone Town Council reconvened Tuesday, June 19, 2012, at 3:06 p.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. Staff members in attendance were Town Manager Greg Young, Downtown Development Coordinator Pilar Fotta, Director of Human Resources Peri Moretz, Fire Chief Jimmy Isaacs, Police Chief Dana Crawford, Public Works Director Blake Brown, Finance Director Amy Davis, Public Utilities Director Rick Miller, Planning Director Bill Bailey, Assistant to the Manager Jim Byrne, Town Clerk Kim Brown and Administrative Support Specialist Christine Pope.

The purpose of the meeting was continuation of a budget work session.

Mayor Clawson began the meeting by welcoming representatives of the Appalachian Regional Library in attendance who wished to speak in regard to the Outside Agency Funding Review

Committee's recommendation of $5,000 for the library. Mayor Clawson explained that, in order to allow them to speak, Council would have to vote unanimously. Upon a motion by Council Member Brantz, seconded by Council Member Ball, Council moved to allow the library's representatives speak regarding the Outside Agency Funding Review Committee's recommendation of $5,000.

Mayor Pro-Tem Leigh stated she spoke to County Librarian Monica Caruso, and although she does not believe the budget workshop is the right place to take public comment, she would like to go ahead and collect Ms. Caruso's materials that were brought to the work session to review in anticipation of the Budget Public Hearing.

VOTE: Aye – 4 (Brantz, Mason, Ball, Scherlen)
Nay – 1 (Mason)

Ms. Caruso's documents were distributed to Council for review before the public hearing.

OUTSIDE AGENCY FUNDING ALLOCATION

Mayor Pro-Tem Leigh stated the committee's request to clarify the definition of an outside agency needs to be placed on the Council's agenda for one of the upcoming meetings.

GIS

Fire Chief Jimmy Isaacs explained that this department's budget supplies a data infrastructure which is used in all other departments, providing geographical information. Chief Isaacs also stated the $20,000 budgeted for contracted services is mainly used for software maintenance and unlimited use of the software.

OTHER MATTERS DISCUSSED BY COUNCIL

Council Member Mason asked if the line item "Contracted Services" could be separated for clarification purposes. Finance Director Amy Davis stated each department is different as far as what this line item includes and there is too wide a variety to include an individual line item for each contracted service in each department. Council Member Mason requested there be a page behind the department line items outlining each contracted service for transparency. Ms. Davis stated she has asked every department to bring a list of their contracted services to the Budget Public Hearing.

DOWNTOWN POST OFFICE

Town Manager Greg Young stated the remedial work for hazardous materials is complete and contracts are currently under review by Town Attorney Sam Furgiuele to be approved for contractors in order to provide a Notice to Proceed for the renovation of the downtown post office building. Mr. Young added that there is an allotment for new furniture, Internet and phone connections, and other materials of this sort for the relocation of the planning and inspections department included in the post office renovation budget.

CULTURAL RESOURCES PROGRAM

A lengthy discussion ensued regarding the recommended two-and-a-half positions for the cultural resources program. Since there was not a current work plan or any job descriptions outlined for the new positions, Council came to the consensus to leave the budget as is with the money allotted toward these positions, but continue discussing the matter further and determine the necessity after more information is received.

POLICE DEPARTMENT

Police Chief Dana Crawford stated that, because the recommended budget for the new VIPER system is less than requested, it will take longer to transfer over to the new system—approximately four to five years—and the department will be in a two-radio transition for a while. Chief Crawford added that, after the five radios included in this year's budget, the department will need 10 more radios, and indicated he will be looking for grants in the coming year to help offset these charges.

COMMUNICATIONS DEPARTMENT

Police Chief Dana Crawford stated if the town keeps the communications department and does not consolidate with the county, the department will need to have two dispatchers working at all

times. He added that the department is currently interspersed without continuous coverage of two people, and the call load is getting heavy.

FIRE DEPARTMENT

Finance Director Amy Davis explained that the 17% increase in general liability insurance is due to the newer equipment. Fire Chief Jimmy Isaacs added that some equipment and materials are only usable for a certain amount of time according to regulations.

PUBLIC WORKS DEPARTMENT

Finance Director Amy Davis stated that, although the town received more from the Powell Bill this previous year, the latest prediction does not give a strong indication of whether it will increase or decrease in the coming year. Public Works Director Blake Brown added that the department had to reduce the amount of money allotted for street resurfacing to offset the amount needed for snow and ice removal. Mr. Brown stated an engineering firm from Charlotte, N.C. comes to Boone every 10 years to assess the streets and gives the town an idea of what needs repairing and prioritizing. Mr. Brown also explained that the $125,000 allotted for electricity is mainly for the street lights.

Mr. Brown also requested Council consider finding money in the budget to purchase a larger John Deere lawn mower to reduce the amount of time staff is mowing; it would only take approximately half the time with a new mower. He added that the new mower would be good for 10 years.

REMAINING BUDGET BALANCE

Council came to the following breakdown of use of the remaining $715,000 in the budget:

- $411,000 toward capital reserve fund for the Brown Building;
- $114,000 toward improvements to College Street;
- $100,000 toward the scaled-back version of the Howard Street project;
- $60,000 toward sidewalk expansion;
- $20,000 to complete a housing study; and,
- $10,000 toward the Tree-Planting Fund.

Mayor Clawson declared a break at 4:42 p.m. Council reconvened at 4:54 p.m.

OUTSIDE AGENCY FUNDING ALLOCATION

A lengthy discussion ensued regarding whether or not to approve the recommended $5,000 for the Appalachian Regional Library. Upon a motion by Council Member Brantz, seconded by Council Member Ball, Council moved to leave the Outside Agency Funding Review Committee's recommendations as is. However, the motion was retracted as Council Member Mason felt she should excuse herself from the vote, since she is involved with Hospitality House.

Upon a motion by Council Member Brantz, seconded by Council Member Ball, Council moved to excuse Council Member Mason from the vote.

VOTE: Aye – All (excluding Mason)
Nay – None

Town Manager Greg Young stated he believed Council needed to wait until the Budget Public Hearing before voting. Council withdrew the motion.

Council came to the consensus to leave the committee's recommendations as is (excluding Mayor Pro-Tem Leigh who was not in favor of this decision). Upon a motion by Council Member Ball, seconded by Council Member Scherlen, Council moved to allow Council Member Mason back into the discussion.

VOTE: Aye – All (excluding Mason)
Nay – None

Council came to the consensus that they intended to clarify the definition of an outside agency to not include government agencies.

PARKING SERVICES

Town Manager Greg Young advised Council that the McLaurin Parking contract is due to expire June 30, 2012. Council came to the consensus that they would like to compare the cost of contracting this service out versus creating town positions for this purpose, and keep McLaurin Parking on a month-to-month contract until a decision could be made. They added that they would not consider using the police department for downtown parking enforcement as has been done in the past.

PUBLIC INFORMATION OFFICER POSITION

After a brief discussion regarding what Council envisions this position will entail, Council came to the consensus that they would like to continue discussing the matter, but look at moving forward with this in the next fiscal year.

SALARIES

Mayor Clawson stated she has concerns regarding the 3% cost-of-living adjustment when other communities like Winston-Salem are laying off employees, and the possibility of revenues not being as high as projected in the budget. Finance Director Amy Davis stated the growth in revenues in the proposed budget is very conservative, and with the state of the economy, the budget is still on the side of caution. Town Manager Greg Young suggested reducing the cost-of-living adjustment to 2% and providing employees with a one-time 1% bonus. Council came to the consensus to leave the cost-of-living adjustment at the recommended 3%.

With no other items for discussion, Mayor Clawson adjourned the meeting at 5:37 p.m.

_____ _____

Christine Pope, Administrative Support Specialist Loretta Clawson, Mayor