

MINUTES

Town of Blowing Rock Board of Commissioners Special Work Session-May 26, 2009

The Town of Blowing Rock Board of Commissioners held a special work session on Tuesday, May 26, 2009 at 4:00 p.m. The meeting took place in the Town Council Chambers at 1036 Main Street Blowing Rock. Present were Mayor J.B. Lawrence, Commissioners Bobby Ball, Keith Tester, Phillip Pickett, Albert Yount and Tommy Klutz. Others in attendance were Town Manager Scott Hildebran, Town Finance Director Nicole Norman and Town Clerk Sharon Greene.

CALL TO ORDER

Mayor Lawrence called the meeting to order at 4:05 p.m.

DISCUSSION ITEM

Town Manager Hildebran continued reviewing the FY 2009-2010 Recommended Budget by presenting Council with a handout detailing various line items requested during the May 19, 2009 work session. The departmental line items detailed were: utilities, gasoline, telephone, materials/supplies, postage and printing. Mr. Hildebran advised after further review, \$10,000.00 had been cut from various line items. He recommended the funds be reallocated to street lighting, as he anticipated an increase due to several street lights being added with the addition of the American Legion Parking Facility. Commissioner Klutz inquired if the street lighting costs could be passed to the property owners. Mr. Hildebran relayed that property owners were essentially paying for street lights via their property taxes.

Commissioner Tester thanked Mr. Hildebran for reviewing these items and stated he was in favor of the changes that were made. Mr. Tester stated his reasoning for requesting further detail was to ensure there was no unnecessary surplus in any of the line items.

Next, Town Manager Hildebran gave Council a copy of the proposed paving schedule and costs for FY 2009-2010. He advised funds had been budgeted to pave Ransom Street, Clawson Drive, South White Pine, and Green Hill Road. Mr. Hildebran stated 15-20% was saved after re-bidding these projects and that Moretz Paving Co. was the low bidder with a bid of \$191,644. Taking into account as well, \$8,356.00 for miscellaneous patching to be performed by town crews, the total FY 2009-2010 allocation for street paving would be \$200,000. A motion to award the paving project to

low bidder, Moretz Paving Co. was made by Commissioner Klutz, seconded by Commissioner Pickett. Unanimously approved.

Street Paving Schedule & Bids-Exhibit A

Mr. Hildebran then discussed water/sewer revenue. He noted that interconnection fees were expected to remain the same but a decrease in impact fees were budgeted due to the lack of new home construction.

Mr. Hildebran also advised that engineering fees had decreased approximately \$7,000 and there should be excess funds in Phase I of the Water/Sewer CIP Plan to complete some of the additional water/sewer plant improvements. He also stated a change order would be forthcoming for Phase I of the Water/Sewer Improvement Project.

In reference to the water/sewer plant improvements, the larger capital items are now budgeted in the CIP. He explained the costs for sludge processing are expected to decrease with the improvements already made, but a slight increase to lab fees was expected and budgeted for. Mr. Hildebran relayed that water consumption had continued to decrease due to conservation efforts and the repair of a large leak.

Mr. Hildebran stated alternative water sources were sought to aid in the recent drought status and the Town had received a signed easement from the Blue Ridge Parkway to go under the Parkway Bridge for the emergency water interconnection between the Town and Boone.

Mr. Hildebran presented Council with a handout regarding a telecommunications agreement with Utility Service Communication Co. that would market our Green Hill water tank site for a cellular antenna. He relayed the Land Use Code would need an amendment to allow for an antenna. He also stated this agreement would aid in saving the town money for tank maintenance and currently, the Town was paying \$30,000 to \$35,000 each year for maintaining the tank, as well as improve cell phone coverage. Commissioner Tester questioned if the Town would be actively involved with any change in ownership of the cell phone antenna. Mr. Hildebran advised any changes would need approval from Town Staff. Council commended Mr. Hildebran for his involvement in implementing this agreement. Commissioner Klutz made a motion to proceed with the agreement with Utility Service Communication Co., seconded by Commissioner Tester. Unanimously approved.

Utility Service Communications Co Agreement-Exhibit B

Mr. Hildebran addressed the Town's allocations for Occupancy Tax collections and how it is administered.

Council discussed the Town's debt service schedule for the upcoming year. Commissioner Tester stated according to his calculations, the Town's debt service was approximately 15 ½ % of the total general fund amount. Mr. Hildebran advised this was

in line with other areas with similar tax rates. Mr. Hildebran also reviewed the number of remaining years for all debt services.

Also briefly discussed was the Town's Capital Improvements Plan (CIP). Mr. Hildebran advised the Fleet Schedule, Storm Water Plan, Water/Sewer Capital Improvements Plan, etc., were all tied into the Town's budget, as well as outlined priorities Council had set during their retreat.

Council discussed the budget summary graphs included in the FY 2009-2010 Recommended Budget. Commissioner Tester mentioned, while reviewing the chart he noticed the Town had influence over the larger percentage of budgeted revenues.

Commissioner Klutz suggested a one cent tax increase to the current rate of \$0.28 per \$100 of the valuation in order to give town employees a cost of living increase. He reiterated his concerns regarding the increase in health insurance premiums. Mr. Hildebran advised all employees were not affected by the increase in premiums due to the fact that there are only 14 employees with coverage other than the 80/20 employee coverage paid by the town. Commissioner Pickett stated he didn't believe this was the appropriate time to increase taxes because of the current economic climate. Commissioner Klutz stated the town had good employees who did a lot for the residents and who were multi-talented and he would like to see them get an increase in wages. Commissioner Yount agreed with both Commissioner Klutz and Pickett, but, stated that the recommendation did not include a pay increase. Mr. Hildebran reiterated his suggestion that the issue be reviewed later in the year. He mentioned there were many places having to downsize because of the economic situation and he did not anticipate this happening to town employees. Commissioner Ball stated employees deserved an increase and any excess funds should be used toward raises when Council reviews the issue later in the year. Commissioner Tester agreed with Mrs. Ball.

Mr. Hildebran briefly discussed a possible Downtown Municipal Service District Tax to pay for public restrooms, and extra enhancements to the downtown area. He stated this would serve in removing the financial burden from residents for these amenities. Several of the Commissioners expressed support of this and agreed to consider it in the coming year. It was also suggested that the concept be reviewed with the Downtown Retail Strategy Committee.

Council then began discussion regarding the proposed parking facility in conjunction with the museum project. Town Manager Hildebran distributed a debt service projection sheet, which included the BRAHM parking debt service based on a rate of 4.08%. He advised bids on the BRAHM parking facility were received and based on borrowing up to \$1,200,000, for 15 years with the first 2 years being interest only and the remaining 13 years being fixed principal and interest, and the low bid received was 4.08%, from First Citizens Bank. Mr. Hildebran then distributed an assumptions sheet outlining a plan to fund the parking facility for Council's review. Commissioner Tester voiced his desire for a decision to be made regarding the project. Mr. Hildebran advised he anticipated that BRAHM would have their construction numbers in the next week. Since a Board of Adjustment meeting was scheduled in the Council Chambers, Mayor Lawrence recessed the meeting at 6:50 and asked that everyone relocate into the conference room.

**Debt Service Projections, Financing Bid Tally & BRAHM Parking Facility Assumptions Sheet-
Exhibit C**

The meeting reconvened in the conference room, where discussion continued regarding the proposed parking facility. Mayor Lawrence called for a vote as to whether Council agreed to move forward with the parking facility project. In favor of the project were: Yount, Pickett, Tester & Ball - Against: Klutz

It was the consensus of Council to agree on a price that all members were comfortable with and convey it to BRAHM. Commissioner Ball and Mayor Lawrence were in favor of \$1,300,000. Commissioner Yount recommended that 12% be taken from the \$1,355,000 which would be a reduction of \$162,600. After several amounts were discussed, Council voted on \$1,300,000 to be used toward the construction of the parking facility. Mayor Lawrence called for a vote in favor of \$1,300,000. In favor: Ball & Tester Against: Pickett, Yount & Klutz. After further deliberation Commissioner Pickett requested reconsideration of \$1,300,000. In favor: Ball, Pickett & Tester- Against: Klutz & Yount. A consensus was reached to pay a flat fixed amount of \$1,300,000 for the construction of the parking facility and present this amount to BRAHM. Approved 3-2

Commissioner Tester suggested a clause be added to the contract stating the Town would not be responsible for any unforeseen increases unless the changes were Town initiated. Commissioner Tester asked that a clause also be added to allow the town to remove themselves from the project should BRAHM not agree to the set amount.

ADJOURN

With no further business to discuss, the meeting was adjourned at 7:18 p.m.

MAYOR _____
J.B. Lawrence

ATTEST _____
Sharon Greene, Town Clerk

Attachments (5-26-09)

Street Paving Schedule-Exhibit A

Telecommunication Agreement- Exhibit B

Debt Service Projections, Financing Bid Tally & BRAHM Parking Facility Assumptions Sheet-Exhibit C