

MINUTES

Town of Blowing Rock Board of Commissioners

May 16, 2006

The Town of Blowing Rock Board of Commissioners held a special meeting on Tuesday, May 16, 2006. Attending were Mayor J.B. Lawrence, Commissioners Bobby Ball, Keith Tester, Terry Lentz, Rita Wiseman and Tommy Klutz. Others in attendance were Town Manager Scott Hildebran, Town Engineer Doug Chapman, Finance Director Margaret Pierce and Town Clerk Sharon Greene.

The purpose of the meeting was to continue discussion of the Recommended Budget for FY 2006-07. Mayor Lawrence called the meeting to order at 4:00 p.m.

DISCUSSION ITEM

Town Manager Hildebran presented Council with a summary total of maintenance and repair of vehicles costs as well as an update of assumptions for the General and Water/Sewer Capital Improvement Plans.

The CIP assumptions were as follows:

General CIP Assumptions

- Town continues to fund \$150,000-\$200,000 annually for General CIP Projects through 2010-2011.
- Town transfers 3.75 cent of property tax revenue to General Capital Projects Fund for future capital improvement projects starting in FY2006-07, beginning at \$358,600 annually:

Estimated annual revenue: - E.S. Building = \$300,000
 - Undesignated Projects = \$58,600
 -

- Town receives contributions from Blowing Rock Fire District and North Caldwell Fire District for new Emergency Services Building:

Estimated annual revenue: - BRFD = \$50,000 for 20 years
 - NCFD = \$10,000 for 19 years

- Town receives a \$40,000 grant from N.C. Clean Water Management Trust Fund for Stormwater Study in FY2006-07.

- Borrow \$2,200,000 for 12 months for E.S. building construction loan in FY2006-07:
 Estimated debt service @ 4%: \$88,000

- Borrow \$2,300,000+/- over 20 years – E.S. building Bank Loan in FY2006-07: Estimated annual
 debt service beginning at

 - \$2.3 mil @ 4.5% = \$220,860

- Borrow \$2,200,000+/- over 40 years – E.S. building USDA loan in FY2007-08: Estimated
 annual debt service beginning at

 - \$2.2 mil @ 4.25% = \$150,510

- Budget balance of available funds after debt service requirements and undesignated funds to go to other CIP projects. (Estimated - \$200,000-\$250,000/yr.)

- Move balance of general capital reserve funds to specific capital projects, as required.

- Obtain N.C. Park & Recreation Trust Fund Grant for estimated ½ costs of Swimming Pool Renovation Project. (Estimated - \$190,000)

- Town will actively pursue grants, partnerships, and low-interest loans to maximize town resources in order to complete CIP projects.
 - N.C. Rural Center
 - N.C. Clean Water Trust Fund
 - Blowing Rock & North Caldwell Fire Districts
 - Watauga County
 - Federal Assistance (USDA, EPA, Appalachian Regional Commission)
 - State revolving low-interest loans

Water/Sewer CIP Assumptions

- Town continues to fund \$430,000-\$440,000 annually for W/S CIP Projects through FY2009-2010, \$200,000 – General Fund

\$230,000-\$240,000 – Water & Sewer

- Borrow \$2,202,000+/- over 7 Years in FY2006-07 (FY2006-07 to FY2012-2013)

Estimated annual debt service:

- \$2.202 mil @ 4.5% = \$340,000

- \$2.202 mil @ 5.0% = \$345,000

- Budget balance of available funds after debt service requirements to go to other CIP projects. (Estimated - \$85,000-\$90,000/yr.)

- Borrow \$368,000+/- over 5 Years in FY2010-11 (FY2010-11 to FY2014-2015)

Estimated annual debt service:

- \$368,000 @ 5.25% = \$84,000

- \$225,000/yr. of new funding will be available upon retirement of outstanding sewer bond beginning in FY2012-13.
- \$315,000 - \$347,000/yr. available in FY2013-14 upon retirement of the initial \$2.202 mil/7 year loan.
- \$88,000-\$120,000/yr. of non-appropriated available in FY2012-13.
- Borrow \$3,200,000+/- over 7 Years in FY2013-14 (FY2013-14 to FY 2019-2020)

Estimated annual debt service:

- \$3.2 mil @ 5.5% = \$510,000

- Assumes periodic utility rate increases based on Enterprise Fund Rate Study.
- Assumes no grant funding, partnerships, or low-interest loans,
 - N.C. Rural Center
 - N.C. Clean Water Trust Fund
 - Blowing Rock Fire District
 - Watauga County
 - Federal Assistance (USDA, EPA, Appalachian Regional Commission)
 - State revolving low-interest loans
- Town will actively pursue grants, partnerships, and low-interest loans to maximize town resources in order to complete CIP projects.

Public Works/Sanitation

While reviewing the FY 2006-07 recommended budget and for the Public Works Department, Town Manager Hildebran advised that the Street Department had seven full-time employees as well as four in the sanitation department. He stated the Recommended Budget included funding for shifting one part-time Equipment Operator I position (20-hours a week) to full-time status. Commissioner Klutz inquired if this department needed more men. He stated he did not like to see Johnny Lentz, Public Works Director out on Sundays collecting garbage in the downtown area. Commissioner Ball advised that was just how Mr. Lentz was, that he didn't require his crew to do anything that he wouldn't do.

Mr. Hildebran stated when the Town's recycling department closed the two full-time employees in that department were transferred to the street/sanitation department. He also stated that some of the larger businesses in town, such as Outback Steakhouse utilized GDS for their solid waste collection and Public Works Director Lentz hasn't requested additional positions, just the position upgrade.

Commissioner Tester asked if the Town had researched contracting out town garbage collection to a large company. Town Manager Hildebran stated he had dealt with this issue in other towns and that in our case, outsourcing would not be cost effective – due to likely escalation in costs once the town's equipment was sold, plus the loss of manpower for snow removal during the winter season.

Community Contributions

Council discussed the various community contributions that are made during the year. Town Manager Hildebran stated that \$3,000 was given to the American Legion. He stated that it took approximately \$10,500 each year to keep the American Legion in operation. Mr. Hildebran also stated that discussions would continue to be held on whether the Town should acquire the building back from the Legion.

Commissioner Klutz asked if any contributions were going to the Blowing Rock School. Mr. Hildebran stated that in the past the Town had contributed to the school, but money was raised by the Community Foundation and the Community Club and given to Blowing Rock School. He also stated that the school received money from the Blowing Rock ABC Store. Commissioner Lentz stated the school system cut their budget by previous amounts given by the Town and the town residents paid county taxes too.

After further discussion, Council decided to eliminate the Community Contribution section of the budget, and relocate those funded line items into existing departments.

Parks & Recreation Department

The Parks and Recreation/Landscape Department provides a year-round program for various age groups. Mr. Hildebran described the various programs and events and their success. Town Manager Hildebran stated that this department had experienced a large increase in utility costs, but this was mostly due to discrepancies in the bill coding process.

Mayor Lawrence asked if anything was being done regarding the areas in the parks where grass would not grow. Mr. Hildebran stated the issue was being addressed with the proposed Hardscape Improvements included in the Parks & Recreation Master Plan. Commissioner Ball felt that more flowering shrubs were needed around the memorial park gazebo. Mayview Lake maintenance was also briefly discussed.

Water/Sewer Revenue

Commissioner Klutz asked if any water/sewer revenues were given back to the customers with rate decreases. Mr. Hildebran stated that the Town actually needed more water/sewer revenues break even due to ever increasing costs, such as electricity, chemicals and maintenance needs. Commissioner Tester stated the water/sewer rate plan needed to be reviewed by Council in the near future. Mr. Hildebran stated McGill Associates would be studying the matter in the upcoming fiscal year.

Commissioner Wiseman asked where the Town was in the Gideon Ridge annexation process. Mr. Hildebran stated the study process would begin in August of 2006.

Water/Sewer Administrative

Mr. Hildebran stated this section was for the purpose of tracking administrative and engineering expenditures related to the water and sewer systems. Such expenditures as postage, insurance, printing, the payment of principal and interest on water or sewer debt, and the payment for water and sewer engineering services.

Water and Sewer/Plant-Field Op

This department is responsible for the operation of the 2.0 MGD water treatment plant, the operation and maintenance of the water distribution system, and the .800 MGD wastewater treatment plant, as well as the operation and maintenance of the wastewater collection system.

Mr. Hildebran updated Council on the activity in this department, stating there were 2,100 water meters and 1,560 sewer taps in the system, with the water system consisting of 21 miles of lines. The wastewater collection system consists of approximately 15.5 miles of gravity sewer lines and 2.5 miles of pressure sewer.

Capital Improvements

Mr. Hildebran went over water/sewer project fund revenue and expenditures with Council as well as general capital projects fund revenues and expenditures. With no further discussion regarding these items, Mr. Hildebran moved forward with the recommended budget process.

Occupancy Tax

Mr. Hildebran reiterated what was said during the previous budget work session. He also advised the proposed budget since the last work session would be increased this fiscal year by \$26,330 from occupancy tax revenue and would be used towards the parking facility at the request of the TDA.

Other Discussion Items

Commissioner Tester had inquiries regarding the pay scale for town employees. He felt that there were some employees that were paid in excess of what the pay scale indicated. He felt there was a possibility that employees would start looking for jobs elsewhere, such as the Ginn Corporation. Mr. Hildebran stated that due to the long tenure of some employees they have exceeded the pay range.

Commissioner Klutz felt that some town employees should get more of a pay increase than 3% in 2006-2007 budget. Commissioner Lentz and Commissioner Ball stated that one department should not get more of an increase than other departments. They stated they would not support an increase that was not equal to all departments. Town Manager Hildebran reminded Council that the town made efforts at a merit pay system several years ago but it was abandoned due to complaints.

Commissioner Tester inquired about the turnover rate for employees stating the town would have to pay more to hire replacements than what the present employees were being paid. Town Manager Hildebran stated that turnover was something that needed to be monitored but at this time employee turnover was low.

The proposed property tax rate was discussed briefly. Commissioner Lentz wanted to know why the county tax values were not the same as what the property was sold for and that the sales price was market price for the property. Mr. Hildebran stated he had had that discussion with Watauga County numerous times with no avail. He felt that property tax values should reflect the sale price.

After some discussion, it was the consensus to proceed with the recommended budget as presented with the TDA amendment increase.

Adjournment

There being no further business to discuss, the meeting was adjourned at 6:00 p.m.

Mayor

J. B Lawrence

Attest: _____

Sharon H. Greene, CMC