

BANNER ELK TOWN COUNCIL

February 10, 2014

MINUTES

The Banner Elk Town Council met Monday, February 10, 2014 at 6:00 p.m. at the Banner Elk Town Hall for their regular scheduled meeting.

Council Members present: Mayor Brenda Lyerly, Allen Bolick, David Lecka, Charlie VonCanon, and Mike Dunn.

Staff present: Town Manager Rick Owen, Chief Byron Clawson, Steve Smith and Attorney Four Eggers.

Others present: Rebecca Bolick and other interested parties.

Call Meeting to Order

At 6:00 p.m., Mayor Brenda Lyerly called the regular monthly meeting for February 2014 to order.

Pledge of Allegiance

Mayor Lyerly led those in attendance with the Pledge of Allegiance.

Invocation

Council member VonCanon opened the meeting with prayer.

Approval of the Minutes

Mayor Lyerly asked council for a motion to approve the January 2014 minutes. Council member Bolick stated that on page 6, paragraph 2 it was not he that was being referred to in the paragraph. Mr. Lecka noted that it was he. Council member VonCanon motioned to approve the minutes with the above mentioned change. Council member Dunn seconded the motion. The amended January 2014 minutes were approved with all in favor and no one opposed.

Approval of the Stated Agenda

Mayor Lyerly asked council for a motion to approve the stated agenda. Council member Lecka motioned to approve the agenda as stated. Council member Dunn seconded. All were in favor. No one opposed.

Public Comments

Rebecca Bolick complimented the new town seal, hanging behind the council table. Mayor Lyerly agreed that the sign was great, the colors so vivid and also stated that we have new lighting. All agreed.

Audit Contract

Mr. Smith presented to council the contract pricing for fiscal year 2014 audit. He noted that it is \$350 more than the 2013 audit. He noted that it is a one year contract. Mr. Smith recommended council approve the contract with Martin Starnes & Associates. Mayor Lyerly asked if there were any questions. Council member Bolick stated that he would like to see a more detailed, itemized summary of the report given to council. Council member VonCanon questioned the line stating *We paid Martin Starnes & Associates \$18,000 for audit work in 2010*. Mr. Smith responded that the town renegotiated after 2010 and they brought their price down significantly. Council member Lecka asked if the town should bid this out. Mr. Smith stated that the main reason we have an audit is that it is a statutory requirement and that another reason is that outside interested parties require it, which in our case is the USDA and Highlands Union Bank. The town has used Martin Starnes since 2005. Council member Dunn asked if this was the same firm the TDA used. Mr. Smith concurred. Council member Lecka motioned that council approve renewing the contract with Martin Starnes. Council member VonCanon seconded. All were in favor. No one opposed.

New Money Market Account

Mr. Smith would like council to table this item. Questions were raised and Mr. Smith noted that government funds are not FDIC insured. They are insured in a different method by the state treasury using a pulling method (i.e. we put in \$100,000 and they have to take \$100,000 of bank money and set that aside to guarantee our money). Right now BB&T has too much government funds and can't take any more for a CD. Mr. Smith noted that he is looking into moving money into a CD or money market. He will research this and report back to town council.

Tree City USA

Mr. Owen would like council to approve the town applying to become Tree City USA. He noted that this would be a positive matter for the town and would give the town some recognition. He reported that listed on the agenda are four requirements to qualify for Tree City USA. We meet these requirements with the exception of the monies spent per capita. Mr. Owen believes some of this money could come out of the town's flower/planting budget or from donations. It is not a lot of money but knows it is money that is well worth it for maintaining our trees along our sidewalks, the park, etc. Another event the town will participate in is an Arbor Day Observance. Council member Bolick suggested having a notation on the water bill stating that if anyone is interested in donating a tree to the park or town to contact town hall. Mr. Owen said it was a good idea and noted that the Mayor has been working feverishly regarding the planting trees of in the park since the town's centennial celebration. He also noted that Tony Hunter has offered his help in becoming a Tree City and working on the town's tree inventory. Mr. Owen noted that we could pass the Arbor Day Proclamation at the next council meeting because he currently doesn't have a date. Council member Bolick motioned to approve applying for Tree City USA and to include in the motion the Arbor Day Proclamation on a date to be determined. Council member VonCanon seconded the motion. All were in favor. No one opposed.

Urban Forestry Grant

Mr. Owen reported that this topic goes hand in hand with Tree City USA. You can apply for an Urban and Community Forestry Grant without being a Tree City USA, but they look favorably upon cities that are or are trying to become a Tree City USA. Mr. Owen noted that you can apply for up to \$15,000 of grant funds. Mr. Owen stated that he doesn't have a dollar figure in mind, but perceives using the money for: planting trees, doing a tree inventory and having a tree management plan, along with items associated with being a Tree City USA. It is a matching fund grant. Some of the money that we cannot match it with are other federal funded grants (i.e. PARTF grant). However, work in kind is acceptable as matching funds (i.e. monies received from the TDA, donations, etc.) so Mr. Owen feels we will have enough matching money. Mr. Owen stated that his goal is to apply for \$5,000 unless we come up with a bigger inventory of things we need or need to have done. Mayor Lyerly asked if \$5,000 would do it. Mr. Owen stated it would get us started. The grant total would be \$10,000. Mayor Lyerly asked if there was a motion. Council member VonCanon motioned to approve applying for a \$10,000 grant from Urban and Community Forestry. Council member Lecka seconded the motion. All were in favor. No one opposed.

Discuss Water and Sewer Rate Increase

Mr. Owen noted that at last month's meeting he handed out a report which was based on the review that North Carolina Rural Water did for the town; their approach on how to pay for the town's infrastructure and how to pay for the operation of the town's system. Mr. Owen stated that he also handed out a sample proposal of where our rates might be to pay for what we are currently doing. He noted that he received good feedback from council members. Mr. Owen reported that he prepared a water and sewer rate structure to present to council this evening. He stated that currently the town charges the same for residential, commercial, industrial or bulk. The only charge difference is by meter size. His goal is to get rid of the "by meter size" charge and get to a common base rate. Another issue we have is that the water and sewer are two different rates and two different minimum usages (2,000 minimum usage for water and 1,000 minimum for sewer). The NC Rural Water proposal was without a minimum and their basis is that the base rate should pay for the town's infrastructure and the usage should pay for the operation of the system. Mr. Owen noted that another concern expressed to him from council members was for those residents on a fixed income. Mr. Owen introduced a proposal for 2,000 minimum usage for water and for sewer. Over 50% of our users are in this category of usage. Mr. Owen presented a spreadsheet showing the town's water and sewer bill totals for the year. Mr. Owen introduced a block system for users. 60% of the bills are under 2,000 gallons of usage for water and sewer. At 7,000 gallons, 90% of all users fall under this category. At 15,000 gallons, 96% of all our users have fallen below this category. The NC statute requires that we need an increasing rate for water and sewer through the residential rate, which they consider begins around 15,000 gallons. Mr. Owen then presented a spreadsheet showing the new proposed water and sewer rate and the current water and sewer rate and discussed the block rates based on users and usage. Mr. Owen noted that the minimum base charge would be \$15.00 for water and \$15.00 for sewer. This will set the stage for going to \$20.00 or \$25.00 for base rates. Mr. Owen also pulled a sampling of council member's usage over the past year (gallons of usage

per month). The increase will be based on a usage fee at \$15.00 a base rate, not going over 2,000 gallons. Questions and answers were exchanged among council members and Mr. Owen. Mr. Eggers reported that since water and sewer is an enterprise fund, the state treats the town's water not as a town function but as if the town was a water and sewer company, being able to stand on its own, its budget being separate from the general fund. The state frowns on moving money back and forth between funds. It was noted that State cautions municipalities to maintain their water and sewer operations. If they ever have to borrow money for whatever means, the loans could be turned down because the municipality has not taken the proper measures to make the water and sewer system profitable and can turn it down because their rates are too low. The town's current rate structure is too low based on the state average being at 63 and the town is at 23. Mr. Smith noted that the state also looks at town rates and what steps the town takes to discourage high water use. Mr. Owen presented to council the "current minimum bill". Each resident gets 1,000 gallons of sewer and 2,000 gallons of water and break points that are charged with the shown rates. The current rates and bills were compared to the proposed rate structure. Council members concurred that what Mr. Owen presented is a reasonable proposal and is a good start. Mr. Owen noted that he has two other issues that need to be addressed. One is users located out of the town limits. These rates are typically at least double from in town rates. Mr. Owen stated that he will do more research on out of town rates. Mr. Owen reported that another issue of concern is the town's multi-user accounts. The town currently has 16 accounts that have single meters and there are 160 users on those 16 meters. Mr. Owen stated that in his mind these are individual users and should be treated as such. He proposes that they pay the minimum charge (i.e. for 3 units: 3 times the base rate and will allow the minimum for each unit; $2,000 \times 3 = 6,000$ gallons). Mr. Eggers noted that the town will need to consider how to define such items as: what constitutes separate business locations, for apartments with different units, how do you differentiate apartment building vs. condo units vs. dormitories for example and how do you set those base rates. This can all be handled through the definitions contained in whatever ordinance you choose to adopt and how you wish to make those distinctions and quantify those things. He noted that this can also be done through the town's rate schedule or through how you define the minimum users. Since the minimum user rate will be the same, you will have to define "what is a user". Mr. Owen reported that on a state average, 59% of the systems have a minimum usage. Two thousand (2,000) gallons is the median usage for systems that charge for a minimum. Only 25% systems have a different rate structure for commercial and residential users. Most systems have a uniform rate as opposed to an increasing block. Only 22% charge by meter size which is what we want to get away from. Mayor Lyerly thanked Mr. Owen for the amount of work he put into this report and summary. Council member Lecka asked what the next step is. Mr. Owen noted this is up to council and that he does not want to put it off much longer. Mr. Owen also noted that he needs to refine certain areas (i.e. large, multi, out of town, businesses, etc.). Mr. Owen noted that if council has further thoughts or feedback to let him know. Council will receive a completed report at the March meeting.

Manager's Update

Mr. Owen reported that included in council member's packets were the financial report, police report, planning, zoning and tax collection report. Also included is a copy of the High Country ABC Board Meeting minutes for December 2013. Mr. Owen noted that if there were any questions regarding these reports to let him or staff know.

Mr. Owen reported that the High Country Municipal Association meeting will be held this Thursday (2-13-14) at 6:00 p.m. and it will be held here in Banner Elk. The meeting will begin at 6:30 p.m.

Mr. Owen noted that council member Tufts sent an email to everyone about holding a planning retreat. Council members were all in favor, but since council member Tufts was absent this evening, further discussion will hold until at next month's meeting.

Mr. Owen noted that in regards to the tax re-evaluation, he received a preliminary scroll from the county. There is a 21% decrease in tax value for the town of Banner Elk.

Council member Bolick asked Chief Clawson about a line item on his police report in regards to the equipment grants that were applied for. Chief Clawson was hoping to use the money to replace some radar equipment, but received word that it is doubtful that he will receive the grant.

At 7:45 p.m. council member VonCanon motioned for council to proceed to closed session pursuant to NCGS 143-318.11, attorney client matters. Council member Bolick seconded. All were in favor. No one opposed.

Mayor Lyerly thanked everyone for coming.

Council returned to open session at 8:05 p.m.

Other Business

Council member Lecka noted that he had some remarks concerning signage. He stated that coming into town a light was needed by the sign located at the mill pond. He also stated that the town does have a strict sign ordinance, but feels that in regards to "for sale" signs, larger signs should be allowed for someone trying to sell their property. (i.e. the Eggers property by Dobbins Road). Council member Bolick said he would look into the ordinance. Mayor Lyerly asked if the town had any guidelines for political signs. Council member Bolick stated that we do based on size, location, distance from the road and it is written in much detail. Mr. Eggers noted that there is also a time period involved. Mr. Owen noted that the town recently changed its ordinance to meet the state's requirements.

Council member Bolick stated that when he and his wife were working at the chamber a couple of weeks ago, they met several people who wanted to improve the looks of downtown Banner Elk and they offered several suggestions: more benches (even if donated), more trees, more bushes and flowers to help the attractiveness, and getting with artist guilds to display their art around town. They felt the town also needs to improve the stop light focal point. Mr. Owen and council members agreed that we don't really have much room to work with. We may need to identify specific places that we can work with.

There being no further business, at 8:15 council member VonCanon made a motion to adjourn the February 2014 town council meeting. Council member Lecka seconded. All were in favor.

Adjourn

The town council meeting adjourned at 8:15 p.m.

Mayor Brenda Lyerly

Steven R. Smith
Finance Officer/Clerk

Approved: March 10, 2014