

## **BANNER ELK TOWN COUNCIL**

**January 13, 2014  
MINUTES**

The Banner Elk Town Council met Monday, December 9, 2013 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, Robert Tufts and Mike Dunn.

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

Others present: Penny VonCanon, Justin Church, Ted Silver, Larry Cotton, Jamie Shell and other interested parties.

### **Call Meeting to Order**

At 6:00 p.m., Mayor Brenda Lyerly called the regular monthly meeting for January 2014 to order and wished everyone a Happy New Year.

### **Pledge of Allegiance**

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

### **Invocation**

Council member Bolick opened the meeting with prayer.

### **Approval of the Minutes**

Mayor Lyerly asked council for a motion to approve the December 2013 minutes. Council member Lecka motioned to approve and accept the minutes as submitted. Council member VonCanon seconded the motion. The December 2013 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 Bolick motioned to approve the agenda as stated. Council member Tufts seconded. All were in favor. No one opposed.

### **Public Comments**

There were no public comments.

### **Dogwood Road Stormwater Project**

Rick Owen reported that Justin Church with Blue Ridge Environmental is present to discuss this project. Mr. Owen noted that the town has received three bids for this project which council has in their packets. Mr. Church recommends that we award the bid to the lowest bidder. Mr. Owen

also noted that the town did not require a bond for this project because of its size and we did this in hopes of bringing in more bidders. Mr. Church recommends to council to award the bid to the low bidder and for the work to begin in early spring. He noted that he is familiar with the work of the contractor and is comfortable with his recommendation. Mayor Lyerly asked for a motion. Council member Bolick made a motion to accept Dixie Grading & Equipment, Inc.'s bid for the Dogwood project. Mayor Lyerly asked if there was a second. Council member VonCanon seconded the motion. Attorney Eggers asked for clarification. He wanted to know if the motion is for the stormwater upgrades or will it also include the optional pavement. Mr. Owen noted that it will be for the entire project and it is within budget. Mayor Lyerly asked that the motion be rephrased. Council member Bolick noted that his motion was for the entire project. Mayor Lyerly asked if there was any further discussion. All were in favor. No one opposed.

### **Park Update**

Mr. Owen reported that Justin Church will give council an update on the building construction and he will go over the components of the project that have been completed to date along with those which have not. Mr. Church reported that the building looks great and are probably within a couple of weeks of getting a C/O and once we have that we will get a punch list together. He also noted that the electrical panel had to be mounted where it is, but it will be boxed in so it will be more decorative and won't take away from the façade of the building. The contractor had a break in the weather so he was able to lay the rock on the building. Mayor Lyerly stated that the building does look good. Council member VonCanon asked how and with what materials the electrical panel will be boxed in. Tom Eggers noted that it was placed outside the bathroom (could not be placed inside) and per code and the engineers it was placed out of harm's way. He stated that it will be boxed, framed in with wood and made non-accessible to outsiders. There being no other questions regarding the current building, Mr. Owen directed them to the page in their packets listing the *Completed Project Elements* which shows the budget figure and the cost figure to date. Under the *Project Elements to be Completed* he noted that the revised budget number of \$592,850 and the revised anticipated cost of \$514,119. Mr. Owen also is asking council's permission to approach TDA for assistance in funding the additional costs associated with this project. He noted that he will also approach Mountain Electric and Skyline for help and also is looking for help to fund the climbing station and exercise stations. In regards to the existing restroom renovation, originally it was thought that town staff could handle this portion, but it is not realistic and not feasible. We are understaffed. Mr. Owen stated that when we originally bid out this project as a whole, Tom Eggers' price for this portion was very close to the engineers' proposed estimate. Mr. Owen is asking council permission to negotiate with Tom Eggers to present to the town a change order to the work he is currently doing to include the renovation to the restrooms so we can proceed with this part of the project. Other options are to wait to see if staff has time to work on it or to re-bid this portion which will put us out another month or so. Mayor Lyerly stated that she felt the best option was to add this to the existing contract we have with Mr. Eggers. Council member Tufts agreed that if Mr. Owen is pleased with his work, we should continue to use him for this portion. Council member Dunn asked if we should wait to see if TDA or a grant comes through with funds. Mr. Owen stated we should go forward with the motion because council is committed to the completion of the project with the hopes of receiving some additional monies to offset the cost. Council member Lecka asked what

comprised the \$80,000 figure. Mr. Owen stated that \$55,000 is for the existing bathroom renovation, \$15,000 is for the exercise stations and \$10,000 is for the climbing structures. We already received \$6,000 for the Kiosk from a grant from the Department of Health and Human Services. Council member Tufts asked if any thought was given to ask the Chamber since the concerts in the summer are held at the amphitheater. Mr. Owen stated he was planning on asking for their support. Mayor Lyerly asked if there was a motion. Council member Tufts motioned to amend the contract with a change order to include the existing amphitheater restroom renovation. Council member Lecka seconded the motion. All were in favor. No one opposed.

### **Tax Release**

Mr. Owen reported that a property owner, Jerome Guidry, appealed Avery County's tax evaluation. His evaluation was lowered and he received a reduction to his bill. This reduction equates to \$147.84 in our tax program. The town is recommending that we release this money. Council member VonCanon motioned to release the \$147.84. Council member Dunn seconded the motion. All were in favor. No one opposed.

### **TDA Appointment**

Mayor Lyerly reported that one member of the TDA is required to be a representative from Lees-McRae. Kacy Crabtree resigned due to scheduling conflicts and Dr. Buxton has recommended Ginger Hansen. Mayor reported that she approved her appointment and now asks council to approve her as well. Council member Tufts asked if she is willing to serve. Mayor noted yes. Council member Tufts made a motion to approve the appointment of Ginger Hansen to the TDA. Council member Bolick seconded the motion. All were in favor. No one opposed.

### **Discuss Water and Sewer Rate Increase**

Mr. Owen stated that council is well aware of the current deficit that the town's water and sewer fund is operating at. He noted that last month after the audit presentation we had a good discussion on the water and sewer situation and wants to keep council updated on a regular basis. Mr. Owen reported that staff is working with David Poore in compiling a list of capital improvement projects and prices associated with each. The more we studied our current situation, it was hard to pinpoint the degree of importance to the list of projects which include: looking into new well sites, replacing water lines, renovating well houses, security; a lengthy list of detailed projects. We know we have to raise rates because of our deficits. Mr. Owen stated that he will bring to council next month a proposed rate increase to head us in the right direction knowing that the rate will need to continue to rise. Mr. Owen reported that he met with Rural Water and came up with several spreadsheets to aid in making recommendations on our water and sewer rate system. These will show how far away we are from where we need to be. He noted that our deficit comes from depreciation. When we do our budget every year we cover the operation and maintenance of our system. However, when we receive our audit we are not covering the depreciation of equipment. What is required of us is that we cover the depreciation. This is the number we are looking to make up. Then we are look to improving our system and preparing for the future. Mr. Owen handed council members a draft proposal that he hopes will aid in discussing the town's rate structure. Mr. Owen explained to council members the spread sheets: operating costs, current rate structure, annual water and sewer usage, users and billing,

projected cost increases, inflation, etc. Questions and answers were exchanged among council members and Mr. Owen. Opinions were also exchanged regarding the different types of users (commercial, residential, out of town customers, in town customers) and the impact an increase will have on the different types of users. The main question is what percentage increase are we looking at. Mr. Owen noted that doubling our current rate (our income) is the minimum that we are going to be able to get by with. How we get to this figure is the hard part. Mr. Owen also noted that something else we need to think about is that currently the town has a number of places that are metered with a single meter but service multiple accounts (i.e. apartment complex, retail units). Another proposal would be to make all those people become individual users. This could potentially help the town substantially. Mr. Owen reiterated that there are many factors linked to our water and sewer issue and we only touched on a few in this evening's discussion. The staff remains diligent in working further on a proposal to present to council which will cover several examples of who pays what and how it will affect everyone. He noted that he will also get for council the North Carolina Water and Wastewater Rates Dashboard so that we can see how Banner Elk compares to other communities within the state as well as neighboring communities. Mayor Lyerly thanked Mr. Owen and the staff for all their work.

### **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 Banner Elk Planning Department Yearly Report for 2013 and High Country ABC Board Meeting minutes for November 2013. Mr. Owen noted that if there were any questions regarding these reports to let him or staff know.

Chief Byron Clawson explained the Activity Log Event Summary to council members and what each category meant. He noted that drugs and alcohol still remain an issue.

Mr. Owen reported to council that staff is continuing to work on the damage caused by the burst water pipes in town hall (i.e. replacing the wet insulation in the attic, removing and replacing sheetrock on walls and ceiling in Steve's office).

Mr. Owen commended Steve Smith and the Public Works employees for their work in keeping an eye on the town's water tanks and pumps, heading off potential water leaks and solving the many leaks that occurred around town during the days where temperatures were well below freezing.

Mr. Owen reported that two events in the park are being scheduled. One will be an Easter event and the other a Heritage Day. Joanne McMurray is working with others to head up these events. He noted that he received a telephone call from her inquiring about insurance. Mr. Owen advised her to get insurance as does the Chamber and the Kiwanis for their events. Mr. Owen asked council if they had a problem having either of these events in the park or other future events. Mayor Lyerly stated that the more events held in the park the more people are attracted to the town. It is good for local businesses, good for our community and we need to educate people about the heritage of Banner Elk. Mr. Owen inquired if it was okay for the town to

partner with Ms. McMurray on the Easter event. The thought being if it were a town event it could be covered under our insurance.

Mr. Owen will contact the town's insurance company to find out if this is feasible. We want to limit liability to the town. Council member Bolick recommends adding more light around town hall and the amphitheater siting the Christmas celebration in the park. Council members agreed it was dark. Mr. Owen stated that he will look into adding more directional lighting. He also noted that the spruce tree at the corner coming into the parking lot needs to be limbed up. It now creates a blind spot driving around the corner. In addition it will allow more light to be shed in that area.

Council member Tufts questioned some items in Ms. Buchanan's report.

Council member VonCanon noted that he was approached by a concerned citizen regarding the control of our animal population in Banner Elk. There is a need for an animal control person in and around the county. Mayor Lyerly noted that this topic has been discussed among the county commissioners.

Council member Tufts reported that a couple of months ago an article appeared in a local publication regarding improving civic health through citizen education. Having a day for citizens to come to town hall and have the staff share with the citizens the work involved with each department. Mr. Tufts noted that informing our citizens will in turn motivate an interest in having them become more involved with the town. He thinks this is something we should look into.

At 7:30 p.m. council member VonCanon motioned for council to proceed to closed session pursuant to NCGS 143-318.11, attorney client matters including Grandfather Home for Children vs. the Town of Banner Elk litigation matter. Council member Bolick seconded. All were in favor. No one opposed.

Mayor Lyerly thanked everyone for coming.

Council returned to open session at 7:52 p.m.

### **Other Business**

Council member Bolick asked if there was any Downtown Economic Development grant money available. He noted that he read an article in which Home Depot or Lowes worked with a town in which they would supply the paint if the town would supply the painters. An entire town was repainted due to the help of a local business. Mayor Lyerly stated that there are several Elk

River homeowners who want to help revitalize downtown Banner Elk and this might fit in to what council member Bolick is referring to.

Council member Lecka noted that he read the planning department's report and it mentioned the Inner Harbor Restaurant. He wanted to know where it is located. Council member Dunn noted that it was in the Best Western. Council member Lecka also commented on there being an interest in the Hardees property and the out parcel next to Lowes hardware. All council members agreed that this is good for potential real estate development.

Mayor Lyerly stated that she heard a report on our local radio station that realtors had more business but the property being sold was priced low.

Council member Lecka noted that from a banking standpoint, interest and construction loans in Avery County has picked up which is also a good sign.

Council member Bolick also reported that at the last county commissioners meeting it was reported that the tax value of Avery County has gone down 1 billion dollars.

There being no further business, at 8:00 council member VonCanon made a motion to adjourn the January 2014 town council meeting. Council member Dunn seconded. All were in favor.

**Adjourn**

The town council meeting adjourned at 8:00 p.m.

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Mayor Brenda Lyerly

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Steven R. Smith  
Finance Officer/Clerk

Approved: February 10, 2014