



MINUTES OF THE SPECIAL BUDGET WORKSHOP MEETING OF THE LAKE LURE TOWN COUNCIL HELD WEDNESDAY, JANUARY 7, 2021, 8:30 A.M. VIRTUALLY VIA ZOOM

PRESENT Mayor Carol C. Pritchett

VIA ZOOM: Mayor Pro Tem John W. Moore
Commissioner Patrick Bryant
Commissioner David DiOrio
Commissioner John Kilby

William Morgan, Jr., Town Attorney
Shannon Baldwin, Town Manager

ABSENT: N/A

I. CALL TO ORDER

Mayor Carol C. Pritchett called the meeting to order at 8:31 a.m.

II. ADOPTION OF THE AGENDA

Commissioner John Moore made a motion to approve the Agenda, as presented. Commissioner John Kilby seconded and the motion carried 4-0.

III. REVIEW ADOPTED FY 21-22 BUDGET DEVELOPMENT CALENDAR

Council reviewed the adopted FY 21-22 Budget Development Calendar. The CIP presentation will be held on February 10th.

IV. FINANCIAL OVERVIEW – FINANCE DIRECTOR/TOWN MANAGER

Finance Director Sam Karr provided an overview of the midpoint Financial Summary Report (General Fund, Water/Sewer Fund, and Hydroelectric Fund). He stated that the General Fund and revenues with the Water/Sewer Fund are right on target. However, there are some expenses on chemicals and sludge removal that will likely require a budget amendment year-end. At the end of the last fiscal year, June 30, 2020, the Hydroelectric Fund had a negative fund balance of \$300,000. The auditors then moved \$300,000 from the General Fund into the Hydroelectric Fund, which will eventually have to be paid back. To date, we have generated

Page 2- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

around \$65,000 more than we have spent out in the Hydroelectric Fund. He noted that Dam and Hydroelectric Director Dean Lindsay is just about finished with most major capital repair items. Roughly \$428,000 is being transferred to the Capital Reserve which will bring the balance to \$600,000 by June 30th. Commissioner DiOrio explained that the framework for the last tax increase was to continually put \$600,000 into the Capital Reserve each year earmarked for the Dam. The current sewer rate will pay for the \$12.5 million SRF loan. He mentioned that the Hydroelectric Plant profits about \$50-\$60k each month. He expressed that our sewer rates are as high as they need to go and a new source of revenue is needed for the next phase of the sewer project.

Mr. Baldwin noted that Town Engineer Kurt Wright will meet with NC Dam Safety and Schnabel Engineering and will bring a report back to Council. Mayor Pritchett reported that Reese Walsh with Labella Engineering explained at the last Utility Advisory Board Meeting that they plan to lower the Lake for at least four months every year for the next twelve years until Phase 1 of the sewer system project has been completed. She asked how this would impact revenue. Commissioner DiOrio noted that this is a loss of around \$320k-\$400k each year. He stated that LaBella wants to only lower one foot per day, which he felt was extremely cautious. Mr. Baldwin agreed stating that the Lake can be lowered faster than one foot per day. Commissioner DiOrio noted that LaBella does not want to start any type of work until the Lake is down 20 feet and stated that there are things that could be done before then. Commissioner Moore suggested this be referred to as the big drawdown instead of draining. Commissioner Kilby suggested that information start being relayed to the public by utilizing the signs in front of Town Hall and near the library. Mr. Baldwin stated that this information could be posted on banners and placed at the Town's four banner locations.

Mr. Karr provided an overview of expenditures and the preliminary Capital Improvements Plan (CIP) for FY21-22. Commissioner DiOrio felt it would be worthwhile to pay off some of the smaller loans early to focus on the larger loans. He suggested possibly considering a step increase in taxes each year to help pay off debt. Mr. Baldwin noted that Steve Metcalf with The Policy Group relayed that he could ask our legislators what they would be willing to submit on behalf of the Town to help bring in additional revenue. Mr. Karr stated that hydro automation might need to be deferred to next year. Mr. Baldwin noted that hydro automation could be matched with a grant. Commissioner DiOrio recommended linking it to a grant and pushing it out another next year.

Commissioner DiOrio asked if the Town is legally obligated to stabilize the Duck Cove Property and Mr. Baldwin replied that the Town is not under any legal obligation to move it. He stated that a qualified engineer would be needed to determine if the road is in any danger of being undermined and he would reach out to an engineer to get a qualified opinion. Commissioner DiOrio suggested adding a line item for facilitation of a new cellular tower. Mr. Baldwin noted that \$5,000 is the minimum to add a line item and he felt this would be a wise move to add in. Commissioner Moore suggested removing the Town Center Main Street Plan this year and add that the walkway to Chimney Rock Village is contingent upon receiving a grant.

V. REVIEW THEMES AND GOALS SUBMITTED BY TOWN COUNCIL, DEPARTMENT HEADS, AND KEY STAFF

Mr. Baldwin reported that Assistant Community Development Director Mitchell Anderson will become the new Community Development Director as of July 1st. He also reported that Michael Williams was hired to fill the vacant position in Community Development when Garrett Murphy left.

Commissioner DiOrio asked what the barge could be used for that is requested in the Parks, Recreation, and Lake Department CIP. Mr. Givens explained that the barge be used for the sewer system project and any type of work on the lake. He pointed out that he currently has two donated pontoon boats he uses for lake work which are worn out because of work load. He expressed that a sturdier barge is needed for lake clean up, sewer projects, work on the Dam, dredging, etc. Commissioner DiOrio requested that Mr. Givens speak with LaBella and get a recommendation on the type of barge that would best fit their needs or the needs of engineering firms on the Lake.

Mr. Baldwin reported that Public Works Director David Arrowood is in the process of having the Public Works property surveyed. This will ensure that the new fence would not be placed on private property. He also reported that Communications Specialist Laura Krejci is currently working with Municode on a new town website. A new work request form will be added to the website which will allow the public to submit different types of requests online. This form can also be filled out in Town Hall and would be forwarded to the appropriate department as a work order. Ms. Krejci expressed that her goal is to make the transition to the new website seamless. The recurring annual costs are around \$6,000 due to the options selected, as well as any additional charges incurred as a result of the new work order program that is being incorporated. Ms. Krejci requested an updated electronic sign, such as the one the library has, that would allow staff to provide updates and information in a more professional manner. The current sign must be changed by a staff member which is not very efficient. An electronic sign would look more professional and would provide capabilities we do not currently have. The sign could also be used to relay emergency messages electronically without requiring staff to manually change the sign. Commissioner Kilby pointed out that there are zoning requirements which may need to be changed to allow this type of sign. Ms. Krejci also suggested investing in better microphones to help with audio/video on social media.

Mr. Baldwin provided an updated on the recently received WithersRavenel (WR) Report. He stated he would provide his comments to Council and asked that Council provide feedback as well before sharing with staff. Mr. Baldwin provided an update on the recent change from billing every other month to monthly utility billing. It takes an enormous amount of staff time to read meters each month. Utilizing technology to read the meters would drastically reduce the amount of time it takes staff and would require only one staff member to read meters each month. He reported that it costs around \$37k-\$40k each year in staff time to read the meters manually. Mr.

Page 4- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

Arrowood added that it takes all of his employees around four days each month to read meters. Commissioner Kilby requested that Mr. Arrowood provide Council with a comparison of meter reading manually versus electronically. Mr. Baldwin noted that the costs of electronic meters could possibly be phased out over a few years. Mr. Arrowood stated that around \$200k is the cost for electronic meters, which includes installation fees. Mr. Baldwin reported that an online link has been added to the Town's webpage which allows customers to pay their utility bill online. Mr. Karr noted that there are no additional costs for this service as this is an upgrade to the system already being utilized for over-the-counter credit card payments. Mr. Baldwin mentioned that this information will be relayed to customers so that they are aware of this new online tool.

Public Works Director David Arrowood reported on stabilization and ditch cleanup work being done on Boys Camp Road. He noted that he received a quote from Tim Edwards Landscaping to use his long arm excavator to help remove debris from areas that can't be reached with town equipment. He noted that traffic control will be needed because only one lane of traffic will be open. If debris is not cleared from the culverts, they will eventually become clogged and overflow into the road. This work will take about half a day and Tim Edwards is anticipating starting in the next few weeks. Mr. Arrowood reported that the NCDOT Bridge Maintenance department have been placing timbers down along the guardrails on Boys Camp Road to use as retaining walls to help keep erosion from coming into the road. DOT donated the timbers and hauled at no cost to the Town. Mr. Arrowood then reported on the booster pump station for Fire Fly Cove noting that WR is finalizing the design and will then be put out for bid. Permits have already been received from the State. This project will be completed this year. He suggested the Fire Fly Cove system be bumped up from \$350k to \$500k.

Mr. Baldwin reported that he emailed Jonathan Pittman with Schnabel Engineering and George Eller with NC Dam Safety to get their opinions on only lowering the Lake at one foot per day. He noted that their responses were that they prefer only lowering one foot per day. Dam and Hydroelectric Director Dean Lindsey recommended following the most conservative approach. Lowering one foot per day allows us to account for weather and provides a buffer. Commissioner DiOrio suggested an operating range of 1-1.5 feet.

Mr. Wright provided an overview of a WebEx meeting held on January 6, 2021 with NC Dam Safety Engineer George Eller, Engineers Jonathan Pittman and Mark Landis with Schnabel Engineering, and Toby Vinson and Stan Aiken with NC Division of Energy, Mineral and Land Resources Department of Dam Safety to discuss the life expectancy of the existing dam. During that meeting Mr. Eller stated that, from NC Dam Safety's perspective, the three key issues regarding risks include: A PMP (Probably Maximum Precipitation) event which could cause catastrophic consequences and dam failure, an earthquake which could cause catastrophic consequences and dam failure, and the age of the Dam (95 years this September) and having no major structural renovations to bring the Dam to NC standards which also puts the existing dam in jeopardy of catastrophic failure. Therefore, Mr. Wright feels that the risk associated with the existing dam is high. Other key items discussed in the meeting were a Dam Safety Order, the hydroelectric facility, and a decision on rehab versus new dam needed by the end of February.

Page 5- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

Town Council, Town Manager Shannon Baldwin and Town Engineer Kurt Wright agreed to hold a workshop meeting on January 27th to discuss dam options.

Discussion ensued regarding the Dam and term for the \$65 million SRF loan. Mr. Wright explained how the Town could possibly request an extension of the SRF loan based on the life cycle of the Dam. He stated that the Dam is a concrete asset and could last well over 100 years. If state legislators allowed the Town to pay back the \$65 million loan over 65 years, the Town would be paying back \$1 million a year. He stated the Town cannot afford to pay back a \$65 million loan over 20 years and the state legislators should be made aware of this and the high risk of the existing dam. Mr. Wright suggested asking Schnabel to attend the workshop meeting as well. Discussion continued regarding the Dam. Commissioner DiOrio suggested asking Schnabel to submit a report to the State showing what the Town can afford to pay for a dam. He noted that dam rehabilitation would require the Lake to be drained for an extensive period of time, multiple times, and would cost more than a new Dam due to the economic impact it would have. Mayor Pritchett pointed out that if hydro is incorporated, it would fall under the Federal Energy Regulatory Commission (FERC) regulations. She suggested not incorporating hydro for another 8-10 years. Mr. Baldwin reported that Steve Metcalf with The Policy Group agreed to join the upcoming workshop meeting on January 27th.

VI. Q&A SESSION WITH DEPARTMENT HEADS & KEY STAFF

The Board discussed the tax rate. Commissioner DiOrio pointed out that Chimney Rock's tax rate is a quarter of what the Town's is and suggested reviewing their subsidies for this budget cycle. Council agreed to hold a meeting with the Chimney Rock Mayor on Wednesday, February 3rd at 8:30 a.m. Mr. Baldwin, Mayor Pritchett, and Commissioner DiOrio agreed to come up with talking points for this meeting.

Commissioner DiOrio commented on the dredging method and schedule noting that Parks, Recreation, and Lake Director Dean Givens is looking into alternative ways of removing silt from the Lake.

VII. CAPITAL PROJECTS IDENTIFICATION BY TOWN COUNCIL & TOWN STAFF

Department heads and key staff reported on their capital projects.

Human Resource Coordinator Amy Wright reported that she will be focusing on training and development, job shadowing Customer Service Specialist Linda Ward on policy procedures for utility billing and collections and Finance Director Sam Karr on daily accounting process, and working with the Town Manager on developing a strategic plan for staff replacement and

Page 6- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

succession planning. She also wants to bring employees together post pandemic which she feels will help boost employee morale. Mr. Baldwin noted that the only additional request she has is for a new ID machine.

Town Clerk Michelle Jolley commented on her goals for the year. Key items that the Town Clerk will be working on are inventorying town agreements and contracts and documenting expiration dates, cleaning up and organizing the Town Hall records room, and working toward securing her NC Clerk Certification.

Parks, Recreation, and Lake Director Dean Givens reported on his goals. He stated that he is performing a study of the current Golf Course property including having the property appraised. The Town continues to lose money on the Golf Course and the goal is to seek other opportunities for this land. Another goal for this upcoming year is phase II of the Marina. Phase II consists of removing the existing marina building and replacing it with a new building featuring retail and tour sales downstairs along with space for the TDA and restaurant upstairs. His last goal for the upcoming year is the Amphitheater project. He'll be working with the TDA to identify potential donors/private investors to move this project forward with the construction of a new band-shell and amenities.

Police Chief Sean Humphries reported that his goals are to maintain a low crime rate through persistent basic policing, implement practices that allows the department to retain highly experienced staff, and maintain high morale in the department.

Communications Specialist Laura Krejci provided an overview of her goals for the year. She reported that she plans to work with Council to host quarterly community forums on key priorities as soon as these were permissible, given the pandemic. The goal of these forums is to provide avenues to share information with the public and to seek public input. A second goal is to develop a new website for the Town. She noted that the Town has contracted with Municode to create the new website which will launch this year. Additionally, she noted that originally she had planned to apply for a FEMA FY20 Hazard Mitigation Assistance (HMA) for the dam spillway assessment, automated tainter gates, and spring gages. Unfortunately, after consulting the DEQ Dam Safety Officer, this grant application would be premature until a decision is made regarding the Town's preference to build a new Dam or to rehabilitate the existing one. Additionally, she planned to apply for the FEMA FY 2020 Building Resilient Infrastructure and Communities (BRIC) Grant to fund the construction of the Dam reservoir; however, the DEQ Dam Safety Officer confirmed that the Dam reservoir drain design would have to be approved before we could apply for a construction grant to cover these costs. These grants will have to be reconsidered next year.

Page 7- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

Fire Chief Dustin Waycaster gave an overview of his goals. He stated his number one goal is to improve morale in his department. His second goal is staff training in dive rescue. There are currently three of their most senior staff enrolled in Diver Training in order to provide a better service to the Town. He mentioned that they must depend on outside agencies in the event that a diver is needed. He plans to have training for his staff as well as other town staff to be able to respond to incidents much quicker. His last goal is to secure 100% in AEMT training so that his staff will be able to operate at a higher level of care until a paramedic unit arrives on scene and will help the community by improving the care that they receive.

Assistant Community Development Director Mitchell Anderson provided an overview of his goals. His first goal is to train the new Development and Environmental Review Specialist so that they are proficient and knowledgeable of the Town's ordinances, processes, and permitting requirements. They will also attend training and certification courses through the NC School of Government to ensure a complete understanding of state guidelines and statutes regarding land use, subdivision, floodplain administration, and sedimentation and erosion control regulations. His second goal is to secure and train a new part-time Community Development Administrative Assistant to assist the Department as needed. His third goal is to improve technology throughout Town. There is a demand for an advancement in technology for the day-to-day endeavors such as training staff and looking into ways to improve work flow with use of technology. This would also provide assistance and a point of communication for ADNS.

Finance Director Sam Karr provided an overview of his goals for the year. He stated that his first goal is to create a Comprehensive Annual Financial Report (CAFR) to be transparent about the use of taxpayers' money and to give the public a detailed accounting of all expenditures. The last time one was done was in 2015. His second goal is to streamline the CIP process and his third goal is to upgrade fixed assets inventory.

Public Works Director David Arrowood provided an overview of his goals. He plans to replace all existing manual-read water meters with electronic-read water meters. He conveyed that reading meters manually costs the Town approximately \$32,000 in staff time. His second goal is a water interconnect at Fire Fly Cove to ensure sufficient water supply to the Fire Fly Cove subdivision which currently only has one well. They cannot add more houses until additional water supply is available. This interconnect also moves the Town closer toward becoming independent from the Chimney Rock Village water system. His third goal is to continue managing sludge issues at the Wastewater Treatment Plant in order to meet DEQ standards. Presently the Town does not have an effective sludge removal process. Because of present SOC negotiations, it is very important we have the proper sludge management process.

Dam and Hydroelectric Director Dean Lindsey provided an overview of his goals. His first goal is to increase power output from the Hydro Plant by 15% each month. He stated that his second goal is to automate the tainter gates and the Hydro Plant before the end of next fiscal year. Work would commence during next year's proposed drawdown schedule. This would allow for more effective and efficient dam and hydro operations. His third goal is to take over the

Page 8- Minutes of the January 7, 2021 Special Council Budget Workshop Meeting

responsibility for the WWTP operations. Training and certifications are being sought after now. This will save the Town approximately \$100k annually based on one analysis.

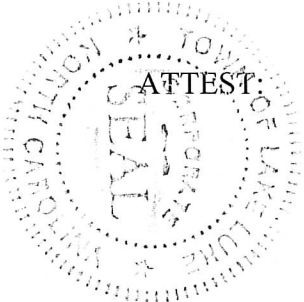
Mr. Baldwin reported on the Town Engineer's goals. The Town elected officials, staff, and consultants acting as a unified whole is his first goal. This action has not been done in the past. Secondly he wants to improve the Town's financial condition by correcting any and all financial deficiencies with all funds to be financially sustainable. Lastly, he wants to get the wastewater system, water system, Dam (includes hydro), and dredging on track. He also suggested including the addition of reliable and fast internet capability and cell coverage as part of this list.

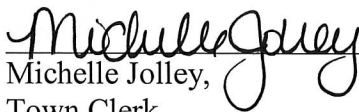
Town Manager Shannon Baldwin provided an overview of his goals. He plans to execute policies and directives promulgated by Town Council, support department heads and key staff, and maintain a performance bonus plan. Other goals he mentioned were to update and maintain the Strategic Communication Plan and talking points, evaluate the financial relationship with Chimney Rock State Park, and facilitate special legislation (local Bills).

XII. ADJOURN THE MEETING

With no further business, Commissioner David DiOrio made a motion to adjourn the meeting at 11:30 a.m. Commissioner Patrick Bryant seconded and the motion carried 4-0.

ATTEST:




Michelle Jolley,
Town Clerk


Mayor Carol C. Pritchett