

MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN

Regular Meeting

June 8, 2021

THE WAYNESVILLE BOARD OF ALDERMEN held a regular meeting on Tuesday, June 8, 2021 at 6:00 p.m. in the Town Hall Board Room located at 9 South Main Street Waynesville, NC.

A. CALL TO ORDER

Mayor Gary Caldwell called the meeting to order at 6:04 pm with the following members present:

Mayor Gary Caldwell
Mayor Pro Tem Julia Freeman
Alderman Anthony Sutton
Alderman Jon Feichter
Alderman Chuck Dickson

The following staff members were present:

Rob Hites, Town Manager
Jesse Fowler, Assistant Town Manager
Eddie Ward, Town Clerk
Town Attorney William E Cannon, Jr.
Donald Hummel, Facilities/Athletic Manager
Autumn Lyvers, Finance Director
Byron Hickox, Land Use Administrator
Olga Grooman, Planner
Elizabeth Teague, Development Services Director
Members of Police Department

The following media representatives were present:

Becky Johnson, The Mountaineer
Cory Valliancort, Smoky Mountain News

1. Welcome/Calendar/Announcements

Mayor Gary Caldwell welcomed everyone and referred the board to the calendar and reminded everyone about the First United Methodist Church Bible Times Vacation Bible School. He introduced and welcomed Attorney Ronald E. Sneed as interim Town Attorney.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Jon Feichter, to appoint Attorney Ronald E. Sneed as Interim Town Attorney. The motion carried unanimously.

B. PUBLIC COMMENT

Mayor Caldwell opened the Public Comment period at 6:07 pm.

**Jason Rogers
28 Counsel Place
Waynesville, NC 28786**

Mr. Rogers spoke concerning the proposed text amendment to the Land Development Standards Table of Permitted Uses with definitions of Soup Kitchens, Homeless Shelters, and Temporary Shelters. He stated that he felt the definition of Homeless Shelter was discriminatory due to including drug and alcohol use. Some people are homeless not by choice, but by circumstances beyond their control. Another concern about the amendment is temporary shelter. He said there was no dates defined as temporary. He asked the Board to consider delaying voting on this amendment until these definitions can be more clearly.

Lisa Overhultz
26 Davis Lane
Waynesville, NC 28786

Ms. Overhultz expressed concerns about the leadership of the Bethel House and questioned the confidence of taxpayers in the leadership of Waynesville. She commented on low barrier shelters and stated that most citizens do not want these shelters in Waynesville. She questioned money that has designated for Helping Hands of Haywood for housing homeless in local motels. She said town citizens must draw the line and it is time for the Board to listen to citizens.

Erich Overhultz
26 Davis Lane
Waynesville, NC 28786

Mr. Overhultz told the Board that citizens did not want taxpayer money to be spent on wasteful and unfruitful initiatives such as giving money to a non-profit organization to house homeless. He said the public has spoken out against this line of thinking. He asked what kind of message this type of spending sends to the hard-working people of Waynesville. He asked the Board to reconsider the decision of allotting taxpayer money for these purposes.

Donald Hummel
172 E Marshall Street
Waynesville, NC 28786

Mr. Hummel said that he has worked for the Town of Waynesville for 25 years and now he wants to help the current employees. He stated that in this year's budget the Board can fund the pay study in phase 1, phase 2, and career track. Employees need to be fully compensated for their education and longevity with the Town. He said that raising the tax rate would fully fund the pay rate for employees. The value of the Town of Waynesville is the employees. Mr. Hummel thanked the Mayor and each Alderman for their support.

Sherry Morgan
PO Box 1496
Waynesville, NC 28786

Ms. Morgan had comments concerning the Waynesville Task Force for Homelessness. She expressed her concerns over how the Task Force was influencing the Town and the direction it was taking. Ms. Morgan questioned how money was being spent from the Task Force. She would like to see money being spent on a rehabilitation facility instead of the Task Force.

Joey Reece
Maple Street
Waynesville, NC 28786

Mr. Reece spoke about the budget and tax rate. He said that even though the Town is receiving a large amount of money, that is still a lot of hardship in the Town with businesses being closed and jobs lost. He told the Board that even though it is being said that the tax rate is decreasing, with the reevaluation of the County, most people will be faced with a tax increase. He asked the Board to decline bring the tax rate down because of the effect it will have on the citizens of Waynesville who live on a fixed income. Mr. Reece voiced his concerns with the Homelessness Task Force.

**John Baus
55 Love Lane
Waynesville, NC 28786**

Mr. Baus' comments pertained to the Homelessness Task Force and conflicts of interest. He spoke about grants that was being sought by the director of the Homelessness Task Force to build a shelter for convicted felons. He said this is a tourist town, and we should not be doing things that will hurt this town.

**Kay Miller
32 Cypress Villa Lane
Waynesville, NC 28786**

Ms. Miller asked the Board to consider adjusting to make the tax rate revenue neutral.

**Christine Sievers
54 Johnson Hill Drive
Waynesville, NC 28786**

Ms. Sievers asked the Board to not raise taxes. She said she was here to represent Senior Citizens. Most Senior Citizens lived on a fixed income and cannot afford to pay more taxes. She told the Board that they need to wait until people can get back on their feet before thinking of raising taxes. The County is essentially raising property taxes, and it will cause great hardship on people who are already struggling.

**Walter Bryson
47 Calvary St
Waynesville, NC 28786**

Mr. Bryson reiterated what previous speakers have said concerning the tax rate. He said his taxes from the County had gone up so much he did not know how he could afford to pay them. All the people in his neighborhood are 70 – 90 years of age and are on a fixed income. They are fearful because of the amount they are being assessed is being raised so much, and most must pay city and town taxes.

**Beth Elsey
101 Ninevah Road
Waynesville, NC 28786**

Ms. Elsey explained to the Board that evaluation on the property has gone up 45% from the County. She said that it appears that the Town has plenty of money now, and with the price of homes now, she feels there will

be more money coming is from property taxes. She thanked the Board for listening and asked them to keep the tax rate at revenue neutral.

Larry Payne
161 Riverbend Street
Waynesville, NC 28786

Mr. Payne questioned the cost of printing and mailing the new utility bills. He talked about the speeding cars on Riverbend Street. He asked if speed limit signs could be placed on that street. Another item was the cross walk at Giles in Frog Level. People need to be aware of their surroundings when they are crossing that road.

Mayor Caldwell asked Assistant Town Manager Jesse Fowler to check into speed limit signs for Riverbend Street.

Hilliard Gibbs
249 Belleview
Waynesville, NC 28786

Mr. Gibbs spoke taxes was creating a problem for him because he was 94 years old and on a fixed income. He said that he had always work hard to be an upstanding citizen and asked the Board to consider the lower Tax Rate.

Phillip Gibbs
59 Babb Street
Waynesville, NC 28786

Mr. Gibbs appealed to the Board to be conscious of the fact that senior citizens are mostly on a fixed income. He said he will not get any more money that what he is receiving now. Mr. Gibbs said he understood that the Town needs money to operate, but please be aware that there are a lot of senior citizens who cannot afford taxes now and will eventually be run out of their homes.

Mayor Caldwell closed the Public Comment period at 6:43 pm.

C. Approval of Minutes – May 25, 2021 regular meeting

A motion was made by Alderman Anthony Sutton, seconded by Alderman Jon Feichter, to approve the minutes of the May 25th regular meeting as presented. The motion carried unanimously.

D. CALL FOR PUBLIC HEARING

- 2. To consider Text Amendments to the Land Development Standards for compliance with NCGS 160D**
- Olga Grooman, Planner

Ms. Olga Grooman, Planner, explained to the Board that Chapter 160D of the North Carolina General Statutes (NCGS) clarify, consolidate, and reorganize city and county-enabling statutes related to development. These statutory guidelines are currently found in NCGS 160A which will be replaced by this new legislation. These changes to Waynesville’s LDS include converting all references from “160A” to “160D,” required conflict of interest language, changes in timeframes for permit validity and vested rights, and updating several definitions for consistency throughout the state. Several procedural updates are also proposed to align the Town’s Land

Development Standards with best practices suggested by the UNC School of Government's analysis of 160D. Ms. Grooman told the Board that these amendments need to be incorporated into local development and zoning regulations by July 1, 2021 to become effective on August 1, 2021.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Julia Freeman to call for a Public Hearing to consider Text Amendments to Land Development Standards for compliance with 160D to be held on Tuesday June 22, 2021 at 6:00 pm or as closely thereafter as possible in the Town Hall Board Room located at 9 South Main Street Waynesville. The motion carried unanimously.

3. To consider a Text Amendment to Land Development Standards Section 2.5.3 – Table of Permitted Uses and Section 17.3 – Definitions
 - Byron Hickox, Land Use Administrator

Mr. Byron Hickox, Land Use Administrator, informed the Board that the Planning Board examined the Land Development Standards' approach to congregate care facilities such as halfway houses and shelters.

At the Planning Board meetings in September, October, and November 2020 and April and May 2021, there was discussion regarding the variety of needs and the different categories and types of facilities that provide "congregate housing."

He said there was considerable discussion regarding the fact that the Land Development Standards does not address or define several types of shelters as well as the methods and constraints that currently apply to religious and nonprofit institutions that may try to operate such facilities.

After extensive discussion over the course of five meetings, there was a consensus regarding the addition of new definitions related to short and long-term shelters, changes to some existing definitions, as well as a consensus regarding the appropriate zoning districts in which these uses should be permitted.

At its May 26, 2021 meeting, the Planning Board recommended to the Board of Aldermen a set of text amendments related to various types of congregate care facilities.

Alderman Anthony Sutton expressed his concerns about the definitions in this Text Amendment and asked that this item be sent back to the Planning Board for clarification.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Jon Feichter, to revert this Text Amendment to the Planning Board for clarifications on definitions presented to the Board. The motion carried unanimously.

E. PUBLIC HEARING

4. Public Hearing to receive input on an agreement to provide Premier Magnesia with an incentive to locate a new process in Waynesville.
 - Rob Hites, Town Manager

Manager Hites explained that we have been asked by the State Department of Commerce to postpone our public hearing regarding our negotiations with Premier Magnesia and asked the Board to delay the Public Hearing.

A motion was made by Alderman Chuck Dickson, seconded by Alderman Anthony Sutton, to continue this Public Hearing indefinitely until such time it can be readvertised to the public. The motion carried unanimously.

5. To consider the adoption of the Fiscal Year 2021-2022 budget.
 - Rob Hites, Town Manager

Mayor Caldwell opened the Public Hearing at 6:55 pm.

Manager Hites asked Autumn Lyvers, Finance Director, to present the 2021/2022 Fiscal Year Budget.

Ms. Lyvers' presentation indicated the Operating Funds for the FY2021-2022 is 35.2 million which is a 2.2 million increase in the General Fund over last year's budget. She explained to the Board that there were some changes in the budget since the budget workshop last week. Included in the changes is the deletion of the \$15.00 vehicle fee, and an increase in the grant revenue by \$130,000.00 from Haywood County for the new recycling containers. On the expenditure side, the second-year appropriation for the Homelessness Task Force was removed, and any money that is not spent in the current year budget will carry forward to the new budget. Also \$83,000.00 was added to the funding for the Board Room Audio Visual equipment.

She discussed the property tax rate which is currently 49.57¢, and the revenue neutral is 41.27¢, and we are still proposing a 45.2¢ tax rate which is based on 25% property increase. Ms. Lyvers said that typically 96 % of property taxes are collected, and with the proposed tax rate that would be about 6.3 million in tax revenue. Manager Hites said there is a Homestead Exemption from Haywood County which allows citizens 65 years of age and older with a household income of \$32,000.00 to receive a lower property tax. Alderman Feichter asked Ms. Lyvers to check into Haywood County's policy so we can let all citizens be aware of the Homestead Exemption.

The Town is proposing a 19¢ tax rate for the Municipal Service District tax rate which will bring in \$7,300.00 in revenue. Ms. Lyvers stated there has been a 13% increase in growth in the sales tax revenue mostly due to stimulus relief packages, federal unemployment assistance, a shift towards taxable goods and online purchases, and the appeal of the area around Waynesville. She urged the Board to be conservative with the growth estimate of sales tax over the next year. In FY 2021/2022 a 4 % growth estimate over current year actuals is proposed and in line with the North Carolina League of Municipalities recommendations.

In the General Fund, we are seeing a lot of personnel expenditures, with the largest being the implementation of the employee pay study and career track. Other increases include health insurance and an increase in retirement for employees. She explained other expenditures for this budget such as Board Room AV equipment, recycling containers, new upgrades for software, and special appropriations.

In the General Fund – Capital Outlay Ms. Lyvers said the is 911,000.00 budgeted and does not include American Rescue Plan Funds. The largest expense is for the land for the new Fire Station which is \$495,000.00. Since the workshop, we have been in discussion with a bond attorney to discuss the possibility of refinancing and financing

the fire station land. With a USDA loan, the Local Government Commission only allows USDA Loans to be refinanced at a twenty-year maximum. Overall, Ms. Lyvers said the Town would be saving a great deal of money in interest. The financing of the land and they could be done together and put them in the same RFP.

American Rescue Plan (ARP) 2.9 million funding will be distributed between FY 2022 and FY 2023-2024. She went over the items that allocated from these funds. She said that some of the allocations are calculated due to the estimated revenue that was lost due to COVID-19 such as Police vehicles, Fire vehicles, garbage can replacements, Greenway PARTF match, and general infrastructure.

In the water fund the Town is not requesting raising rates, will increase the sewer rates by 10% which is a required increase as an agreement that was made with the state when the Town acquires the Waste-Water Treatment Plant loan. They wanted to see that the rates would be high enough by 2024 to cover the debt on the plant. There will be a 10% increase every year for the next few years until that project is completed.

The Electric Fund Budget is at \$10,730,854.00 which is an increase of 6% due to some large capital projects that were unplanned. There will not be any rate or fee changes in the electric fund.

John Watts
55 Buckston Street
Waynesville, NC 28786

Mr. Watts had some questions concerning the increase of 13% in sales tax. He said he felt that going from 13% to 4% is extremely conservative.

Mayor Caldwell closed the Public Hearing at 7:30 pm.

Alderman Julia Freeman said she would like to have the staff revisit the sales tax revenue to bring it up to 6 or 6.5 % from 4%.

After much discussion the consensus of the Board was for staff to present another budget to the Board showing a revenue neutral tax rate.

Alderman Chuck Dickson made a motion, seconded by Alderman Jon Feichter, to instruct the Finance Department to come back to the next meeting with a budget that reflects a revenue neutral tax rate. The motion carried unanimously.

Manager Hites recommended to the Board that a budget workshop be scheduled for Wednesday June 16th at 10:00 am. The meeting will be held in the Municipal Building at 16 South Main Street, Waynesville.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Julia Freeman to call for a Public Hearing to consider adoption of the Fiscal Year 2021/2022 to be held on Tuesday June 22, 2021 at 6:00 pm or as closely thereafter as possible in the Town Hall Board Room located at 9 South Main Street Waynesville. The motion carried unanimously.

F. NEW BUSINESS

6. Resolution for receiving Federal Funds under the American Rescue Plan Act (ARPA)

- Autumn Lyvers, Finance Director

Ms. Lyvers told the Board that this Resolution is a formality that the North Carolina Recovery Office office is asking municipalities to do. She said that the Town's funding is not coming from the Federal Government, but it flows through the N.C. Pandemic Recovery Office then to the Town. The Resolution states that the Town will accept the funds and use them as prescribed in the American Rescue Plan Act.

A motion was made by Alderman Chuck Dickson made a motion, seconded by Alderman Anthony Sutton, to approve Resolution #R-05-21 for receiving funds under the American Rescue Plan Act. The motion carried unanimously.

7. Capital budget request to update the Finance drive-thru drawer and audio

- Autumn Lyvers, Finance Director

Finance Director Lyvers explained to the Board that the drive thru drawer and audio in the Finance department is very outdated and replacement has been delayed for many years. The current drawer requires a lot of stretching and loud. There is no privacy when customers come to the window. Ms. Lyvers aske to Board to approve replacement of the old system with a KSI5000 model transaction drawer and enhanced audio features. The new system will have headphones for privacy for customers and reduce noise in the office.

A motion was made by Alderman Julia Freeman, seconded by Alderman Chuck Dickson, to approve the capital purchase of the KSI5000 model transaction drawer and enhanced audio features at a cost of \$11,808.00. The motion carried unanimously.

7. Acceptance of Proposal for administration of Downtown Municipal Service District

- Town Manager Rob Hites

Following GS 160A, Article 23 of the NC General Assembly, which outlines the procedures to create and administer municipal service districts, the Town adopted such a district and contracted the Downtown Waynesville Association to administer the district on the Town's behalf. The statute requires a contract to extend no more than 5 years. Manager Hites said that a Public Hearing must be held on the needs of the Municipal Service District (MSD) and then send out an RFP to solicit interested parties to administer the district. The Board held the Public Hearing and sent out the RFP and only received one proposal from the Downtown Waynesville Association.

Manager Hites stated there had been a lot of discussion concerning the Downtown Waynesville Association (DWA) in the last year, and he gave the Board several recommendations in order to review the proposal and determine key elements of the contract, including holding a joint meeting of the entire Board of Aldermen and officers of the DWA to review the proposal.

Alderman Anthony Sutton had several questions for the DWA and said that he had not received all the minutes or financial statements as requested from the DWA. He proposed that a joint meeting of the Board and officers and asked the Board to have prepared questions for the Executive Board of the DWA.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Julia Freeman, to hold a joint meeting with the Town Board of Alderman and the Board of DWA to answer questions and review the proposal. The motion carried unanimously.

G. COMMUNICATIONS FROM STAFF

Manager's Report – Update on third party review of Town electric utility billing

- Assistant Town Manager Jesse Fowler

Assistant Manager Jesse Fowler told the Board that there had been some roadblocks in the review of the Town electric utility billing. He said the auditor started about three weeks ago, after some connectivity and security issues with the Munis program. Last week we received a new module and training environment synced with our current Munis data, and it not going to affect the live data. Now the auditor can quickly access the data to perform the audit. It was decided to start with 300 customers as a sample to see if there is any gaps or irregularities then the sample size will be increased. A full audit report should be presented to the Board by the end of the month. This report will show if the utility bill has been estimated, and what caused the irregularity for the bill to be estimated.

Alderman Jon Feichter questioned Assistant Manager Fowler to find out the months that are being audited. He said that he had heard from several people in the last week that their electric bills are still extremely high and asked if the pace of the utility calls complaining had decreased. Mr. Fowler said he is monitoring the incoming calls.

Alderman Feichter asked if Assistant Manager Fowler had contacted any other utility provider concerning high bills. He asked that Mr. Fowler reach out to Duke Energy and HEMC and report back as to what their experience was in the same months of January, February, March, and April 2021.

Another question to Mr. Fowler was about the length of days in a cycle, some being 44 days. Mr. Fowler stated that was due to staffing and equipment failures. Alderman Feichter stated that having two equipment failures in four months is abnormal and asked if there was money budgeted to be able to fix the problems. Mr. Fowler explained that equipment had been purchased to be placed on meters, but that equipment would not work without a register for each meter also.

Finance Director Lyvers stated that what they thought would be \$70.00 per meter, has turned into about \$200.00 per meter. The handheld readers are old and refurbished and will not work with the new equipment. Alderman Anthony Sutton stated he would like to see all the equipment updated so we do not see this problem again. Alderman Feichter told Ms. Lyvers that after the budget is passed that this be made a priority, and a proposal that will solve these kinds of problems going forward. He said he wanted this fixed for the citizens of Waynesville.

H. COMMUNICATIONS FROM THE MAYOR AND BOARD

Alderman Julia Freeman asked if there had been any pushback from the new dumpsters. Manager Hites said He had not heard any comments.

Alderman Anthony Sutton asked for the Board to review the Municipal Service District map at the next regular

meeting.

Mr. Dick Young had comments about the length of days in his utility bills.

H. CLOSED SESSION

A motion was made by Alderman Anthony Sutton, seconded by Alderman Chuck Dickson to enter Closed Session at 8:50 pm in Accordance with 143-318.11(a)(5) to consider the acquisition of property. A second item is to receive an update from the staff on the location of a business in accordance with GS 143-318.11(a)(4). The motion carried unanimously.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Jon Feichter, to return to open session at 9:09 pm. The motion carried unanimously.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Chuck Dickson to recess the meeting until Wednesday June 16, at 10:00 am in the Municipal Building located at 16 South Main Street. The motion carried unanimously.

Mayor Gary Caldwell reconvened the recessed meeting of June 8th, 2021 10:03 am on June 16th, 2021.

Members Present:

Mayor Gary Caldwell
Mayor Pro Tem Julia Freeman
Alderman Anthony Sutton
Alderman Jon Feichter
Alderman Chuck Dickson

The following staff members were present:

Rob Hites, Town Manager
Jesse Fowler, Assistant Town Manager
Eddie Ward, Town Clerk
Interim Town Attorney Ron Sneed
Donald Hummel, Facilities/Athletic Manager
Autumn Lyvers, Finance Director
Elizabeth Teague, Development Services Director
Rhett Langston, Recreation Director
Jeff Stines, Public Services Director

Members of the Media Present:

Cory Valliancort, Smoky Mountain News
Becky Johnson, The Mountaineer

Finance Director Autumn Lyvers presented the Board with a memo of a revenue-neutral budget for the upcoming fiscal year. The memo detailed what a revenue-neutral budget will look like for the FY 2022 as well as the potential long-term impact of adopting a revenue-neutral budget.

Revenue Neutral Budget

The revenue neutral budget requested includes the following changes:

- Change in tax rate from the original proposed 45.42 cents to the revenue neutral rate of 41.27 cents per \$100 of assessed valuation.
- Increase in projected sales tax revenue to reflect a 6.5% growth from current year (FY2021) actual sales tax revenue instead of the original proposed 4% growth.
- New budget for loan proceeds in the amount of \$495,000 to finance the Fire Station land purchase. This reduces the appropriation of General Fund Balance originally planned for the purchase. However, General Fund Balance will now be used to pay for ongoing salary expenditures.

The revenue neutral budget essentially replaces the use of property tax revenue with the use of sales tax revenue and General Fund Balance to fund expenditures. To illustrate the impact to General Fund Balance, Ms. Lyvers referred the Board to a chart showing projected recurring expenditures (personnel, operating, loan payments) versus recurring revenues (tax revenues, permits, sales and services) over the next four years. The projection includes a projected annual growth of 2.5% in personnel expenditures, 1% in operating expenditures, 1.5% in ad valorem revenue, and 4% in sales tax revenue. Additionally, loan payments for the new Fire Station are projected to begin in FY2024.

Consideration 1: Alternate tax rate between revenue neutral (41.27) and proposed rate (45.42)

Ms. Lyvers explained that given the large operating deficit we would be facing with a revenue neutral tax rate, she recommended consideration of an alternate tax rate. The lowest tax rate recommended is 43.92 cents. This rate is 1.5 cents lower than the proposed rate of 45.42, and 2.65 cents higher than revenue neutral. Increasing the sales tax revenue projection provides an additional \$123,130 in revenue, slightly less than a penny on our tax rate. It would be feasible to reduce the property tax rate with the sales tax increase in mind.

Ms. Lyvers added that the new proposed tax rate will lessen the projected deficit over the coming years.

Consideration 2: Reinstate the \$15 vehicle fee

The \$15 vehicle fee generates approximately \$130,000 of revenue annually. By continuing this fee, we can reduce a penny on the tax rate. If the Board were to agree on reinstating this fee, she recommends a tax rate of 42.92 cents, which is one cent lower than the tax rate proposed under Consideration 1. This rate is 2.5 cents lower than the proposed rate of 45.42, and 1.65 cents higher than revenue neutral.

Consideration 3: Defer Phase 2 of the Pay Study until FY2023

This would defer \$250,000 of expenditures until FY2023. This is equivalent to 1.82 cents of property tax revenue.

Consideration 4: Eliminate capital spending from the FY2022 General Fund budget, directing staff to utilize only American Rescue Plan funding for capital needs.

This would defer \$416,000 in capital items to FY2023, when the second tranche of ARP funds are received. This is equivalent to 3.04 cents of property tax revenue.

Deferring both Phase 2 of the Pay Study and General Fund Capital will assist in balancing the budget with a revenue neutral rate. These considerations will help delay the use of fund balance, and potentially revisiting the tax rate until FY2024.

There was much discussion concerning the Municipal Service District Tax on whether the tax rate for the District remain at 20% or be lowered to 19%. The consensus of the Board was to lower the rate to 19%.

Mayor Caldwell asked the Board for their comments.

Alderman Dickson stated he was very optimistic about the FY 2022. He alluded to ways to increase revenue for the Town including increasing the tax collection rate from 96% to 98% and the debt for the Town will decrease in 2022 which will offset the new expenditures that are forthcoming. He feels that the economy is looking better, and he named areas where some things can be cut in the budget. He is not in favor of raising taxes this year, because a lot of people will be hurting because of the reevaluation of property taxes in the County.

Alderman Feichter said that these are unprecedented times. Because of the economic impact of the pandemic, and the reevaluation of property, seniors and others who are living on fixed incomes have been hit particularly hard financially. He said that he felt that going to a revenue-neutral tax rate and bringing back the \$15.00 vehicle fee is a reasonable trade off, and therefore he feels that the tax rate should be revenue-neutral.

Alderman Julia Freeman told everyone that we need to be realistic. She said that costs were rising for everything, and she supports the staff recommendations of a tax rate of 43.92, not a revenue neutral tax rate.

Alderman Anthony Sutton explained that he felt that the Board needs to be a good steward of the citizens tax money, and by sticking to the 43.92 tax rate it will prevent the Town's Fund balance from going down and causing tax payers unnecessary fees in the future. He said that has in favor of staff recommendation of 43.92 for the tax rate.

Mayor Caldwell said he felt that putting the Town in a situation where the Fund balance drops scares him. He is comfortable with the 43.92 tax rate.

A motion was made by Alderman Anthony Sutton, seconded by Alderman Julia Freeman, to have the staff present the 43.92 tax rate at the June 22, 2021 Board of Aldermen meeting. The motion carried with three yays (Alderman Anthony Sutton, Aldermen Julia Freeman, and Mayor Gary Caldwell) and two nays (Alderman Chuck Dickson, and Alderman Jon Feichter.)

D. OTHER BUSINESS

Assistant Town Manager Jesse Fowler told the Board that he had had a conversation with the Town's personnel Attorney Sabrina Rockoff concerning the Board of Aldermen's motion to provide every employee who has been vaccinated for COVID-19 with a \$100 gift certificate. Ms. Rockoff had some concerns with the \$100.00 gift card, and had some suggestions to meet with the Board's wishes.

Ms. Rockoff's first concern was that of taxes. The issue with providing employees with incentive gift cards is that there are no taxes taken out. Ms. Rockoff believes that this issue is easily taken care of by distributing the incentive through payroll. For example, when we distribute Christmas Bonuses each year for \$500 dollars,

we pay each employee \$500, plus the amount of payroll tax for the amount to equal out to \$500. We would use this strategy with any vaccination incentive.

The second concern was that of the amount. It is Ms. Rockoff's opinion that \$100 might exceed what the courts would consider de minimis. Currently, to receive better rates from our insurance company we provide a wellness incentive program wherein employees can participate in certain activities or programs to gain points. If they receive certain amount of points each quarter, then they are eligible for a gift card varying from \$25 to \$75 depending on the number of points. Ms. Rockoff believes that since we already offer a wellness incentive of \$75, that \$75 might be a more appropriate amount of money to offer as a vaccination incentive.

The third concern was that of accommodation. Some individuals may have religious or medical reasons which could preclude them from receiving a vaccine. To accommodate these restrictions, we would have to provide some form of alternative to a vaccine such as an informational course in best practices to mitigate the spread of COVID-19. We provide this kind of accommodation within our previously mentioned wellness program.

Assistant Manager Fowler stated that staff had two recommendations:

Recommendation 1: \$75 payroll incentive. To be consistent with our current wellness program, and in order to avoid any concerns with tax liability, we could offer employees a \$75 incentive bonus on their regular payroll check which has already had the taxes taken out.

Recommendation 2: 50-point incentive towards our current wellness program. We currently provide a 10 point incentive to employees who receive a flu vaccine. We could add a line into our wellness passports which provides employees who receive the COVID-19 vaccination a 50-point incentive that will go towards them quarterly goal of 125 points that earn them a \$75 gift card.

A motion was made by Alderman Anthony Sutton, to offer employees a \$75.00 net incentive on their regular payroll check to each employee that has or will in the future receive the COVID-19 vaccination. The motion carried unanimously.

H. ADJOURN

A motion was made by Alderman Chuck Dickson, seconded by Alderman Anthony Sutton, to adjourn at 10:58 am. The motion carried unanimously.

ATTEST:

Gary Caldwell, Mayor

Robert W. Hites, Town Manager

Eddie Ward, Town Clerk