

**MINUTES
BREVARD CITY COUNCIL
SPECIAL MEETING
February 10, 2011 – 8:00 AM**

Annual City Council Retreat –Day One

The City Council of the City of Brevard met for their annual Council Retreat on Thursday, February 10, 2011 at 8:00 AM in the Counseling Center at Schenck Job Corps with Mayor Jimmy Harris presiding.

The following elected officials were present: Mayor Jimmy Harris, Mayor Pro-Tem Mac Morrow, Council Members Larry Canady, Rodney Locks, Mack McKeller and Dee Dee Perkins.

Staff Present: City Manager Joe Moore, Fire Chief Craig Budzinski, Planning Director Josh Freeman, Water Plant Operator Buck Egerton, Bldg & Grounds Director Lynn Goldsmith, Police Chief Phil Harris, Public Service Director David Lutz, Human Resource Director LeAnn McCraw, Waste Water Plant Operator Emory Owen, Executive Assistant Jeanette Owen, Finance Director Terry Scruggs, and City Clerk Desiree Perry.

Press: Derek McKissock, Transylvania Times

Others Present: Retreat Facilitator Angela Owen, Heart of Brevard Executive Director Madrid Zimmerman, and Chamber of Commerce representative Mark Peddy.

Retreat Called to Order – Mayor Harris called the retreat to order and welcomed all present and stated he and Council are relying on everyone's comments, feedback and participation in order for the retreat to be most productive. Retreat is a properly advertised and noticed meeting that will be held in a workshop setting.

Mayor Harris introduced Ms. Tammy Wentland, Center Director.

Ms. Wentland welcomed Council and staff and explained the Job Corps is a work based learning site with 224 students, 9 trades are provided along with education, job and social skill trainings. It is a US Forest Service Center in a small and personal setting for at-risk students while providing educational opportunities.

Retreat Materials– A complete copy of the retreat materials and information provided to Council, staff and the press is on file. Following are summaries of discussions held throughout the two day retreat.

Purpose Statement and Introduction - J. Moore

Cities have developed around natural features that promoted marketplaces. As the marketplaces grew and attracted a greater population, city services focused on the protection and promotion of both the marketplace and its participants. The services evolved in complexity as population densities and business operations required more sophisticated ways to provide clean water, treat waste water, dispose trash and maintain streets. Today we find ourselves in another period of change. As in the past, many cities are successfully emerging by developing new marketplaces centered about their natural features. As with all other communities that have successfully navigated this change, these same questions now find themselves before this community and serve as the basis and overall purpose of this Council/Staff Retreat.

Questions to Consider:

1. What are the natural features that have historically and consistently served as the core to generate all variations of Brevard's marketplace?
2. What market place do we envision as the goal for this latest transition?
3. What services do we provide to support that marketplace and its participants?

4. How do we best structure the revenue stream from this new marketplace to not only re-invest into the marketplace; but to also support the health, education and welfare of the community attracted to that marketplace?

Retreat Facilitator – J. Moore introduced Ms. Angela Owen, President TBL Leadership Partners.

Ground Rules – Ms. Owen led Council and participants to establish for themselves ground rules:

- Everyone participates.
- Don't be afraid to speak up.
- Full understanding at the close of each topic.
- Respect.
- Cell phone on vibrate.
- One speaker at a time.
- Must sing if you arrive late.

Success – Ms. Owen asked, "What do you define as success? Over the next two days, how will you define or gauge success at the end of the retreat?" Responses:

- Clarity - Answers to the question, clear direction, or direction to come back to it and finish.
- Staff needs to know what it is that Council is asking of them, define what they are being asked to do; especially specific to the four "Questions to Consider".
- Not just directing staff to a task, but also providing full understanding when moving forward. Staff will be here longer than Council members and therefore it is important staff knows and understand the goals and paths forward.
- Defined goals from Council to staff.
- Full understanding of vision moving forward from all.
- Role of Staff – Equip Council with technical expertise, sufficient data and information so they can move forward.
- Role of Council - Serves to take the information and decide on how and what to move forward on. Decision makers.
- Role of Facilitator - Serves to keep everyone on track and to look for full participation.

Revenue Update and Projection – Terry Scruggs

T. Scruggs provided a breakdown of revenue sources: Property taxes makes up 51% of the City's budget revenues, Powell Bill about 2.5%, garbage collection 8%, ABC about 2.25% and sales tax 12.5% of the City's general fund budget. At present the County receives the largest levy at 87% of the sales tax, the City receiving 12.8%; however, sales tax revenue generated from City businesses is between 65% to 70% of the sale taxes collected within the County. Presently on the ad volumm method; should it be changed to the per capita method, the City would grain from its current 12.8% to about 20%.

General Obligation Bonds Rating Factors

Described and discussed the four categories and questions frequently asked when rated:

1. Economic Strength - Do we generate adequate financial resources?
2. Financial Strength – Can we or have we weathered economic storms?
 - a. *Consider: Are we financially flexible?*
 - b. *Option(s): Can adopt a policy statement that speaks to debt limits.*
3. Management and Governance - How well do we manage things out of our control?
 - a. *Consider: We have a strong management team...how well do we manage things out of our control?*
4. Debt Profile - How much debt is our economic base supporting?

- a. *Consider: Overlap Debt - Are our citizens carrying more City or County debt? Is it a disproportionate share?*
 - i. *Presently City citizens are carrying more County debt than City debt. City owes about 2 million in debt; County debt is considerably higher. Therefore, City citizens are paying more towards the County debt than the City's.*
 - ii. *Can our citizens absorb more debt burden?*

City of Brevard's Current (Moody's) Credit Rating is Baa representing average credit worthiness relative to other US municipal or tax-exempt issuers or issues. Reviewed and discussed in detail the "Top 10 Ways To Improve or Maintain a Municipal Credit Rating", and that to achieve a better rating would mean a lower interest rate. On a loan for a large project like a new water plant, an improved rating's cost savings over the life of a loan would be significant.

~~ At 10:31 AM, Mayor Harris called for a fifteen minute break; Retreat continued at 10:48 AM. ~~

Recreation – Lynn Goldsmith

L. Goldsmith provided a power-point presentation titled "Recreation 2010 and Beyond" (on file). As the City does not have a Recreation Department, recreation responsibilities have become the responsibility of Building and Grounds Department and requiring more and more staff and financial resources. Described "passive" and "active" recreational – an example of a "passive" being the City's bike path which, while it requires mowing and maintenance, it does not require personnel to be present for its use; unlike the "active" Franklin Park and Sports Complex which requires even more staff time and financial resources. With the continued expansion of the City's bike path, along with Bracken Mountain and Hap Simpson Park, concerned the current staff will not be able to maintain properly. Requested Council consider holding a workshop to discuss the recreational plans for the City.

Council discussed how people have been coming here for years to enjoy our natural resources, nature, beauty and the variety of outdoor activities available, and the need to be focusing more on recreation needs and developing a Recreation Program. Recreation is an economic engine for both the City and County. Need to direct staff to look at a standalone recreation department and what it would take to implement one (service and labor).

Follow-up: Council to have a workshop specific to recreation needs.

Impact Fees and Utility Rates – Terry Scruggs and Josh Freeman

J. Freeman shared history and philosophy of impact fees as a means for a City to recover some costs through fees for major investments (expansions) of facilities that serve the community. Impact fees go into capital reserve fund, not towards operational costs. In addition to new construction, impact fees are charged per business – a business and its characteristics, such as water/sewer demands, proposed use (ex: restaurant vs office space), number of employees, etc., are the basis of the impact fees charged.

Council asked why a business, if they are relocating from one location to another location in Brevard without expansion, is charged an impact fee. Staff explained in this situation an impact fee would only be charged if the business had never paid an impact fee before.

Staff and Council discussed role impact fees play in financing utility improvements; Brevard's impact fees are less than neighboring Hendersonville and Asheville, and an increase may be necessary to capture a higher percentage of capital improvement costs. A policy with set goals as to how much goes towards capital reserve, towards debt services, expansion or new plant is important.

~~ 12:30 to 2:30 PM - Lunch Break ~~

Pavement Condition – David Lutz and Mr. John D. Fersner, III, PE, Vice President of US Infrastructure of Carolina, Inc. Presented a power point of the report (on file). Mr. Fersner explained Brevard has about 41 miles of street pavement with an overall street system rating of “fair”. Around 4.5 miles, or 10%, of the City’s street are in need of resurfacing. As indicated on page four of the report, 21 miles are in the high priority needs representing 1.5 million dollars. To bring all streets up to 100% is not realistic, but do want to repair roads to maintain the City’s investment. Repair figures in the report represents cost to repair streets that have been identified to be in need of repair only; does not include costs to maintain streets in good condition from falling into the “repair” category.

D. Lutz explained he proposes to add \$155,000 to the current budget and to continue doing so each year in order to provide funds for repairs. Start by repairing a street or two a year, continuing to do so for the next several years. Target of streets to be repaired will be based upon the report’s rating of a street. Repaving has been the preferred fix in the past; however, the “fill fix” of crack seal or gravel mix, while it may not be a nice looking, is also a reasonable fix.

Budget Preview – Joe Moore

Despite some improvements in the economy, the City continues to experience diminished returns. Fees currently charging are not recouping the appropriate amount to pay for services provided. Only expect a marginal improvement in revenue streams and therefore does not recommend the funding of new services, program or projects without a cut somewhere else. Cuts would be prioritized first to those not involving personnel; second would involve temporary personnel.

Discussion Points / Comments:

- Implement a full scale capital improvement and finance plan for a project. Do not enter into a project until we know how it is to be funded. Keeps plans from sitting upon a shelf.
- Must identify specific revenue sources that will allow a plan to be accomplished.
- Upcoming budget: Non-profits will be asked to submit their requests. Staff will review to see how, if funded, it relates to City provided services
- Full disclosure of costs. When a non-profit requests fees to be waived or reduced, their request shall provide a full disclosure of total costs associated with their request.
- We need to decide what we want to do and to accomplish in the coming year(s). We then need to base our budget figures upon what was decided, not budget in reaction to what the County may or may not do.
- Fund balance. We don’t have to automatically react or cut services as the fund balance can help in the short term. However, cannot too heavily depend upon the fund balance either.
- The geographic area of the Downtown Master Plan (DTMP) is larger than some realize as it encompasses more area than just the core of the downtown business district. Then we also have Bracken Mountain coming on board – how will all this come together? Too frequently look at various “pieces” rather than focus upon the whole.
- Special Tax District. Mentioned possibility of establishing one and what is required to do so.
- Special tax district in order to raise revenue sources for the DTMP is an option to consider. Let the people/businesses within the area covered by the DTMP participate to help pay for the improvements; not just the businesses located in the DTMP area who are also a part of the Heart of Brevard district.
- Occupancy tax. Currently Brevard’s is lower than the State average; consider increasing.

~~ Mayor called for a break from 4:18 PM to 4:27 PM. ~~

Water Capacity – Buck Egerton and Mr. John H. Maynard, Jr. PE, Jacobs Planning Group

City's water plant was designed in 1979. Brevard may operate at a maximum of 2.3 MGD; which is greater than the 1.8 MGD allowed for a comparable plant under today's regulations or standards. Advised Brevard's non-revenue water drawn is larger than the average and suggested it be looked into to determine water losses; once determined, would then need to determine what would be required (and costs) to make changes in order to save the water. Discussed options for providing water could include not only upgrades to the City's system or construction of a new or another water plant, but also regional connection options. If the City would be interested in a regional option, should investigate prospects early on as it is frequently a lengthy process to implement. When looking at a timeline for another or a new plant, with the lower population and growth projections, City would need to start by no later than the year 2015. With a greater population, should have already started. Typically takes nine years to get a project on the ground.

Discussion Points / Comments:

- With our commitment to Davidson River Village development we are already very close to being at our capacity.
- Sewer. Not a part of this study, but sewer needs to be considered as well.
- Four times a year the water plant runs at ½ capacity due to cleaning, etc. Normal use is 1.5 and sometimes 1.6 in the summer.
- In order to operate at 2.3, changes and upgrade need to be made to the water plant.
- Currently we have only one point of water. In an emergency situation the City does not have a backup. In preparation for the event of an emergency, some communities have shared inner-connections to provide water.
- Question posed to Council: Do we limit growth by retaining the current plant and watershed location, or, do we plan for growth and adjust our plant and watershed needs accordingly? Reply: Plan and prepare for growth.

~~ 5:25 PM to 5:45 PM Dinner Break ~~

Improving Sanitary Sewer system Performance (Inflow and Infiltration) – David Lutz and Mr. S. Wayne Miles, PE, DEE, and Ms. Barbara S. Moranta, PE, CDM representatives.

Using power point, illustrations of the sewer and stormwater systems were projected. A deteriorating sewer system costs more to maintain, inflow of rain or storm water happens in a variety of ways – inflow flows directly in, whereas, infiltration passes through soil first. Important to address the situation to reduce the amount of stormwater getting into the system as it takes up or exceeds capacity – when it exceeds it can result in the backup, a sanitary sewer overflow. Discussed and described options available to monitor and evaluate the system. Suggested consideration be made to coordinate checking conditions of the sewer and storm drain lines while preparing for the street improvement repaving discussed earlier. Briefly discussed the “lining” procedure which, from an I & I standpoint, is the best solution in order to reduce infiltration, and, that as discussions take place about expansion of the water plant, the City must also look at the sewer plant needs.

Every time the City has a sanitary sewer overflow we are being fined by the State. Looking at a good I & I Plan to address the situation, and will need funds or a designated revenue stream to help with the situation. Also, there needs to be a public education component as it is a community wide issue.

Council members shared there are lots of infrastructure projects that we must deal with, and, it's being suggested to collect different fees (project related) and/or increase taxes. Sometime the public's response is “you're nickel and diming us to death”. A bond referendum to cover infrastructure costs may be a better consideration.

Bracken Mountain – Josh Freeman

J. Freeman provided a status report on Bracken Mountain Park explaining the overall goal is to have the trail system connecting to Pisgah National Forest and some of the challenges to achieve this goal are due to topography and cross-slope issues. From

a road or trail construction standpoint, the original trail location is not the best alignment, and, to have a better alignment would likely extend beyond the obtained fifty foot right-of-way. Trail design professionals feel original alignment is a problem.

Council and staff briefly discussed importance of the various projects, Bracken Mountain Trail, Probart Street sidewalks, bike/hike paths, etc., while they are often being done in phases, it is important to keep in mind and plan so that they tie together.

At 7:14 PM the annual retreat was recessed and scheduled to continue tomorrow morning, February 11th, at 8:00 AM in the same meeting room.

Desiree D. Perry
City Clerk

Jimmy Harris
Mayor

Minutes Approved: August 15, 2011