

BANNER ELK TOWN COUNCIL

**September 14, 2015
MINUTES**

The Banner Elk Town Council met Monday, September 14, 2015 at 6:00 p.m. at the Banner Elk Town Hall for their regular scheduled meeting.

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

Staff present: Town Manager Rick Owen, Cheryl Buchanan and Attorney Four Eggers.

Call Meeting to Order

At 6:00 p.m. Mayor Brenda Lyerly called the regular monthly meeting for September 2015 to order.

Pledge of Allegiance

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

Invocation

Council Member Bolick opened the meeting with prayer.

Public Hearing – Amend the Zoning Ordinance to Add a Civic Zoning District

Mayor Lyerly opened the public hearing to amend the zoning ordinance to add a civic zoning district. Cheryl Buchanan reported that the Planning Board met and discussed the creation of a new zoning district which would include the Historic Banner Elk School. She noted that other properties would also fit in this district. The Banner Elk Volunteer Fire Department is discussing the possibility of rezoning their property as well. Ms. Buchanan stated that this will be a new zoning district which could cover all the civic properties within the Town as well as some low impact commercial uses. Mayor Lyerly asked if anyone had any questions or comments. Council Member VonCanon thanked Cheryl and the Planning Board for their research and work in establishing this new zoning district. There being no further discussion, Mayor Lyerly closed the public hearing at 6:03 p.m.

Approval of the Minutes

Mayor Lyerly asked if there was a motion to approve the July 13, 2015 Town Council Minutes. Council Member Lecka motioned to approve the minutes as submitted. Council Member Tufts seconded the motion. All were in favor. No one opposed.

Approval of the Stated Agenda

Agenda stood as presented.

Public Comments

Mayor Lyerly noted that no one signed up for public comments.

Amend Zoning Ordinance – Civic Zoning District

Mayor Lyerly noted that we just heard Ms. Buchanan's report at the public hearing and included in Council's packets was the Table of Uses highlighting the changes/additions to the ordinance. Council Member Tufts asked that in the Table of Uses under *Office, Institutional and Government Facilities* why Community Centers and Public Parks were omitted. He noted that the property in front of the school is considered a public park area. Ms. Buchanan noted that these can be added. Council Members agreed with adding these two entities. Council Member VonCanon motioned to amend the Zoning Ordinance to include the Civic Zoning District and to add Community Centers and Public Parks as permitted uses. Council Member Bolick seconded the motion. All were in favor. No one opposed.

Call for Public Hearing: Rezoning of Historic Banner Elk School Property and Banner Elk Volunteer Fire Department to Civic

Cheryl Buchanan reported that the Planning Board has recommended rezoning the Historic Banner Elk School property and the Banner Elk Volunteer Fire Department to the newly created Civic Zoning District. She stated to that board members of the Banner Elk Volunteer Fire Department met and were to discuss being admitted to this new district, but it was mistakenly omitted. However, she spoke with George Wright, Fred and Clay and all were supportive in rezoning the property and will present a written consent to the Town. Council Member Dunn motioned to call for a Public Hearing at October's Council meeting to rezone both the school and fire department. Council Member Lecka seconded the motion. All were in favor. No one opposed.

ABC Store 2015 Audit Presentation

Sara Brewer thanked Council for being able to present the ABC Store audit. She noted that Mr. Owen has a hard copy of the full audit for the Town's files. Ms. Brewer reported that for the year ending June 30, 2015, total gross sales were \$2,771,226, up \$74,000 from the prior year. She highlighted several items from the audit. The ABC Board gave all three towns (Banner Elk, Seven Devils, Sugar Mountain) a total of \$255,000 in profit distributions (\$85,000 each). Ms. Brewer noted that the Board distributed all profit less operating expenses to the three towns, law enforcement and alcohol education. Per state statute the board is required to distribute 3-1/2% of the net profit. However, the High Country ABC Board has given \$60,000 more than what is required by state law to each town. Since 1998 when High Country ABC was established, \$3,447,000 has been distributed to the three towns. Ms. Brewer reported that the store is at 10.33% of net profit to income sales which puts it at the top 20-25 ABC boards throughout the state. Council Member VonCanon questioned line item *bailment surcharge*. Ms. Brewer stated that bailment is per case cost which is added on to the deliveries of liquor from Raleigh to our store. The surcharge funds the ABC Commission. Council Member VonCanon noted that the depreciation figure decreased from last year. Ms. Brewer stated that the depreciation figure represents the building which they own. The board did a condo buy for the store in Grandfather Center. Council Member VonCanon noted that the profit distribution to the three towns were all equal. Is it not based on the square footage of the town limits or the number of people? Ms. Brewer reported that when High Country ABC merged with the three towns, the mayors of the three towns, their lawyers, their CPA's and the ABC Commission all agreed on a 33.3 distribution for everything (profit distribution, law enforcement, etc.). Council Member Tufts asked about the negative figure under the line item *restatement*. Ms. Brewer spoke with Robin Dunn. Ms. Dunn stated that she believes it was money left in the budget unaccounted for;

money set aside for an unexpected emergency. Mayor Lyerly thanked Sara Brewer for the report.

Art on the Greene Presentation

Kimberly Tufts stated that she and her husband Council Member Tufts volunteered to manage Art on the Greene this past summer. She reported that there were three art and craft shows held at the Historic Banner Elk School property (Memorial Day, 4th of July and Labor Day). Mrs. Tufts stated that the vendors who supported Art on the Greene noted that the Town was very hospitable and happy that with their fees they were helping support the historic school property. She stated that they were able to invest in several key vendor advertising web areas (i.e. festival.net, sunshineartist.com) which were used for processing applications and also advertising the Town's events. In order for a vendor to apply to the Town, there is an online process through the Town's web site which has proven helpful, easy and quick. She stated that the first season for Art on the Greene was a great success. Mrs. Tufts reported on the financial outcome of Art on the Greene. She presented Mayor Lyerly a check in the amount of \$15,454. She summarized the actual fees collected on vendor spaces and itemized the expenses for all three events. Mrs. Tufts noted that we need to harness all the skill and experience we have in our Town towards marketing this event, tying it in with other Town events, keeping this event alive in our Town with the support of local businesses, etc. She presented Council with some items to consider: the number of shows that should be held, the size of the shows, the scheduling of the shows for 2016, marketing next year's events, working with Avery Chamber of Commerce, etc. Mr. Owen stated that he would encourage Council regarding Kimberly's report to discuss and submit dates for Art on the Greene for 2016. Fred Schmitt stated that he would like to incorporate several of Kimberly Tufts' action items that she mentioned into the project management plan for the Historic Banner Elk School and help with any coordination with Avery Chamber of Commerce. Council Members agreed that a committee for Art on the Greene should be formed. Those on the committee: Kimberly and Robert Tufts, Mayor Lyerly, Fred Schmitt, Mike Dunn. The committee would help coordinate the events, working with Avery Chamber who also hosts similar events and assist in making Art on the Greene better serve the Town. Mayor Lyerly thanked Kimberly and Robert Tufts for all their hard work and time.

National Historic Registry – Historic Banner Elk School Property

Mr. Owen reported that the Greater Banner Elk Heritage Foundation had an offer by a private donor to pay for a consultant to come in and go through the process of having the school property listed on the National Historic Registry. A group of individuals who were interested in this potential (Council members, Planning Board members, Heritage Foundation members, etc.) met with a consultant to discuss the process and the positive and negative effects the listing would have on the property. Everyone attending the meeting felt very strongly with proceeding with this process and would like Council to approve proceeding with the Greater Banner Elk Heritage Foundation's offer to have a consultant come in to have the property listed on the registry. Judy Hilsmier stated that the Frank Bragg family offered the Heritage Foundation a grant and that the foundation would like to move forward with this process with Council's approval. The consultant gave us a price of \$6,000. The consultant saw that the school was constructed in three different time periods and was a bigger project than he originally thought. Mr. Bragg agreed that he would fund the process. Mayor Lyerly stated that the meeting was very informative and that the consultant, who is head of the Mecklenburg Historic Landmark Commission, is very knowledgeable in this field, had many suggestions for the school and the property and is confident that he will be able to get our school on the Historic Registry. Council

Member Bolick stated that when he left the meeting he was under the impression that the consultant would be working for the Town. Mr. Owen noted that the consultant said that someone would need to be the lead agency and that the Town would have to determine who that agency would be. The consensus at the time was that it would be the Town. Council Member Bolick also wanted to know if the Heritage Foundation would have the money in hand before the process begins. Ms. Hilsmier stated that the donor is very interested in proceeding with this process and feels when asked, the money will be available. Council Member Dunn asked if the Town was approved, would we be restricted in any way in terms of how we use the building and its renovations. Mayor Lyerly stated that these same questions were presented at the meeting and the consultant stated that in looking at the building and knowing the Town's intentions he didn't feel there were any problems at hand. Discussion continued regarding the listing of the school as a historic property and its implications. Council Member VonCanon motioned to hire Stewart Gray to work with the Town in getting the Historic Banner Elk School listed on the National Historic Registry. Council Member Bolick seconded the motion. All agreed. No one opposed. Mayor Lyerly thanked Judy Hilsmier and asked her to inform Mr. Bragg that Council approved to hire Stewart Gray.

Economic Model Cash Flow Projections – Historic Banner Elk School

Mr. Fred Schmitt reported that he prepared an economic model using two rental rates (\$1.00 per sq. ft. and \$1.50 per sq. ft.). He used competitive rental rates which are comparable to current rates in Banner Elk. The other variable he used was the size of the square footage to be rented. He noted that these range from 9,116 square feet to 16,106 square feet and it depends if you include or exclude the gym, include or exclude the kitchen, etc. Mr. Schmitt stated that bottom line, there is really no bad news. Even using a somewhat pessimistic projection as a 50% occupancy rate, the positive cash flow would be approximately \$25,000 per year and could rise as high as \$95,000 per year depending upon the amount of square footage we actually put out there for rental use and the actual rate we charge per square foot. If the utilization was higher than 50%, then obviously that would add to the revenue. Mr. Schmitt stated that the expenses he used were based largely on the spreadsheet given to him by Rick Owen, but escalated them proportionately based on the square footage (50%, 75% and 100% inflated). He noted that there is a very low estimate in the report for events; only \$3,200.00 per year. Mr. Schmitt reported that it is a brief summary, but the numbers are laid out on the spreadsheet. The numbers presented are opportunity costs. The sooner we can get tenants into the school the sooner revenue will start coming in. Mr. Schmitt also noted that he updated the Project Management Plan for the Historic Banner Elk School. The areas that are highlighted are either new items or items that have been completed. Mayor Lyerly thanked Mr. Schmitt for preparing the reports for Council which are most informative. Council Member VonCanon asked Mr. Schmitt if he knew what the average square foot rental rate is in the Town of Banner Elk. Mr. Schmitt stated that based on information received from Town staff, \$1.50 would be on the high end and most of it is in the lower end of \$1.00 and most included utilities. Parking was not a factor. Council Member Bolick asked that 19, 19a, 19b and 20 be removed from the plan which is the Book Exchange due to the major renovation that has already taken place and the money put into it. Mr. Schmitt noted that it is not his role to make a recommendation whether a space should be retail or community. He stated that on one of the memos to the Town Manager he requested that Council formally designate what he calls high profile areas as either reserved for community or retail type operation. The gymnasium is another high profile space. Council needs to direct him and he will adjust accordingly. Mr. Owen stated that Council will be discussing the Book Exchange

in the next item on the agenda and suggested that it might be appropriate for Council to move forward with this item and listen to Council Member Bolick's report.

Review Book Exchange Project – Historic Banner Elk School

Council Member Bolick reported that after last month's Council meeting, Council gave him permission to form a committee to help organize, develop, fund and convert the old library into a book exchange. The committee has done a lot of work, people have been contacted and commitments have been made. Council Member Bolick went over the schedule of dates and items that have been and will be completed to date: removed carpet, scheduled the restoration of the old hardwood flooring, meeting with the committee to determine the stain color for the floors, the color of the walls and trim, painting, installation of light fixtures, ordering of the furniture, etc. He noted that within four weeks we will have a soft opening to the school and to the Book Exchange. The grand opening will be held at Christmas with Santa Claus and cookies. Council Member Bolick stated that this committee has gone out, worked hard and funded this project. He noted that he is hoping that Council will go over Mr. Schmitt's plan and remove space 19, 19a, 19b and 20 from the list as possible retail spaces. Council Member Tufts asked what commitments were made to the donors and for how many years. Council Member Bolick stated that we committed to making the old library into a Book Exchange. No time frame was mentioned, but we are looking at years down the road for the Book Exchange to be a draw to the school and pulling people into the entire school, bringing it new life. Mayor Lyerly asked for a vote: to remove 19, 19a, 19b and 20 from retail/commercial spaces or leave them and for how long. Council Member VonCanon reported that he has been to the space and observed all the work that has been put into the space. He noted that Council gave Allen permission to go ahead and renovate this space, he went ahead with his commitments to get the money to complete the task and moved ahead in a timely fashion. He noted that it is a large space, but looking at the floor plan, there is still a lot of square footage remaining (gym, stage, back building, kitchen area, etc.). Council Member VonCanon stated that he doesn't think we can put a time limit on the space. Once it is not being used to its fullest, then we can go back and reassess its use for the good of Banner Elk. He noted that he feels the citizens of Banner Elk will appreciate and use this space. Council Member Dunn stated that it was mentioned that the space could serve as a multi-use area. Could it then be designated as a meeting space as well? Council Member Bolick stated that the committee has developed a full layout of the area and programs for certain areas of the space (i.e. one area has been designated a children's area, another a computer area, etc.). It is not set up for a meeting space. Several people spoke their opinions for and against the Book Exchange, the need for the gym to be preserved for a community space, the need for more retail space in order to produce more revenue for the Town to meet its upcoming debt, etc. Council Member Lecka stated that tonight, Council should make it their intent to designate certain areas within the school community non-revenue producing spaces, but not to make any space a permanent commitment. It wouldn't be fair to the future development of our Town. Mayor Lyerly asked for a vote. Council Member Bolick made a motion to remove from the rental property list the old library now referred to as the Book Exchange which consists of spaces 19, 19a, 19b and 20. Council Member Tufts seconded the motion if Council Member Bolick amended it to designate 19, 19a and 19b community spaces. Council Member Bolick amended his motion to remove from the rental property list the Book Exchange which consists of spaces 19, 19a, 19b and 20 and to designate 19, 19a and 19b as community space. Council Member Tufts seconded the amended motion. All were in favor. No one opposed.

Council Member Lecka motioned that it is the intent of Town Council to keep spaces 19, 19a, 19b and 20 as community space as long as the Book Exchange is a viable* entity. Council Member VonCanon seconded the motion. All were in favor. No one opposed.

**The term viable meaning as long as it works as intended by Town Council and is best serving the people of Banner Elk.*

Mr. Owen noted that under Agenda Item #7 another item needs to be addressed. He stated that as Council Member Bolick mentioned, the committee has raised a substantial sum of money which are being spent on the renovation of those spaces. That money was not budgeted to be received or to spend. Mr. Owen proposed that Council approve a budget amendment which would cover expected revenues coming in and the expected expenditures that will be coming out. These would be reserved funds. Mr. Owen asked that Council adopt this amendment increasing revenue in our account for capital donations by \$40,000 and increase expense in our account for maintenance and repairs by \$40,000. Council Member Bolick motioned to approve the budget amendment. Council Member VonCanon seconded the motion. All were in favor. No one opposed.

Historic Banner Elk School Project Updates

Mr. Owen distributed the updated Project Management Plan for the Historic Banner Elk School. He asked if Mr. Schmitt had further comments. Mr. Schmitt stated that a portion was updated to reflect the addition of the Historic Designation as an action item. The next update will include Art on the Greene that was discussed earlier. The highlighted items have either been accomplished or have been added to the earlier version. He noted that he would be happy to answer any questions that this plan may raise.

Mr. Owen reported that the Town has been working with a group called CPN (Construction Professionals Network). They originally came to Town to discuss the old Cannon Hospital and any help they might provide the Town in revitalizing it along with the Historic Banner Elk School when the County owned the property. Ted Silver recently contacted them. They met with Mr. Silver and Mr. Schmitt and discussed how they may be able to assist the Town. Mr. Schmitt reported that CPN is considering taking on the Historic Banner Elk School as one of their projects. There is no cost to the Town. They have asked the Town to provide them with demographic statistics, median income and construction items associated with the school building itself. They are looking at meeting with Town leadership sometime in October/November to take a tour of the school and the Town then present to the Town a project plan. Their project plan will incorporate items to a large extent, things the Town wants to see happen (i.e. a rental structure, suggestions on how to improve the school building). The plan will include a series of workshops. Economic development is their ultimate objective.

Mr. Owen reported that there has been conversation regarding using the gym for community space and also using it for rental space. He stated that he has been getting a lot of feedback and is asking Council for some direction. Mayor Lyerly noted that per the map, it is community space. Council Member Lecka asked if we are looking at long term rental or daily rental. Mr. Schmitt stated that it would be a long term retail operation. Council Member Dunn asked how

long is long term and if rates were discussed. Mr. Schmitt stated as long as they are making money and no rates were discussed. He told the group that he could not commit the Town until he had direction from Council. There were discussions among Council Members and interested parties regarding the use of the gym as a community space year round, events being held in the gym such as Christmas in the Park, functions that could generate revenue, etc. Mr. Schmitt stated that Council should also be open to viewpoints from potential merchants wanting to use the gym space. He noted that it wouldn't be that difficult to project what the rental cash flow would be from using those 3,000 sq. ft. at a certain rate and figure out what the guaranteed money would be for the Town vs. the alternate methods of raising funds from events held in the gym. Mr. Schmitt said that Council needs to make a decision; are there revenue producing opportunities there greater than what the Town can get from renting it on a merchant to merchant basis? Council Members discussed the condition of the gym, issues that need to be addressed (i.e. repairs, painting, heating) and the costs involved. Council Member Lecka stated to Mr. Owen that getting back to the original question, the Town should respond to any party inquiring about renting the space, that the Town's intent is to place the gym as community space for now and revisit the subject after we determine what kind of revenues different events can produce out of that space. Council Members all agreed and in the meantime work will be done in obtaining rental cash flow figures along with pricing information for improvements to the gym. Council Member Bolick stated the painting crew that did the work in the Book Exchange gave him a quote for repairing and painting the gym in the amount of \$5,000+. After much discussion, Council Member Tufts motioned to authorize the Town Manager to enter into a contract with Webb Painting for repairing and painting the walls in the gym in the amount of \$5,280. Council Member VonCanon seconded the motion. All were in favor. No one opposed.

Mr. Owen stated that in regards to the heating, Council can declare a dollar figure to get the process started or they can wait till quotes are received. Mayor Lyerly stated that we don't have the time to wait till next month's meeting for quotes. Penny VonCanon reported to Council that in the meeting with Stuart Gray, he stated that the radiators in the school are useable with an updated boiler. She stated that she would like to see them being used again and that the Town should look into reuse and repair. Council Members discussed repairing the radiators, the cost involved, efficiency, the use of natural gas in the gym and school, requesting a grant from Piedmont Gas, etc. Council Member VonCanon motioned to consider setting aside \$6,000 to refurbish or replace the current heating system in the gym and to look into the possibility of using natural gas. Council Member Tufts seconded the motion. All were in favor. No one opposed.

New Motion

Mayor Lyerly announced that we have a new motion. Council Member VonCanon made a motion that the Town of Banner Elk send a letter to Frank Bragg, thanking him for donating money to the Town for help in getting the Historic Banner Elk School on the National Historic Registry. Council Member Tufts seconded the motion. All were in favor. No one opposed.

Stormwater System Mapping Grant

Mr. Owen reported that the COG (Council of Governments) has the opportunity to apply for a grant through NCDENR to conduct water quality planning. They contacted him to see if the Town would be interested in mapping its storm water. Mr. Owen noted that the Town has already done its water, sewer and street lighting mapping. COG estimates, based on other projects they have done, that it can map Banner Elk's stormwater system for \$5,000. They are

asking the Town to pick up some of their administrative costs that the grant would not cover in the amount of \$964.00. Mr. Owen stated that COG is requesting a letter of intent from Banner Elk stating that it plans to budget money for this grant if they can get the grant. Mr. Owen believes it will be money well spent. Mayor Lyerly noted that Jessica Brannock, who is with COG, is very efficient and agrees that it is worth the money. Council Member Dunn motioned to proceed with grant application and authorize the payment of \$964 to COG for their services. Council Member Lecka seconded the motion. All were in favor. No one opposed.

Manager's Update

Mr. Owen reported that included in Council Member's packet were the police report, planning, zoning and tax collection report. He distributed a financial report for the month ending July 2015. Also included was a draft copy of the August 2015 Planning Board Meeting Minutes. Mr. Owen noted that if there were any questions regarding these reports to let him or staff know.

Mr. Owen stated that he received a request from TDA. TDA is wanting to obtain an 800 number. They are working on a new web site and are taking a more proactive stance towards advertising for the Town. The TDA is working with a consultant and one of the things they recommended was to obtain an 800 number. The question arose as to where the 800 number would ring into. TDA is requesting that the 800 number ring into Town Hall at Nancy Owen's desk, in particular. Mr. Owen noted that as Town Manager, he doesn't see any immediate concern. It will have an answering machine connected to it when Nancy isn't available. It will be more of a trial basis since we are not sure how much time it will entail on Nancy's part. Mr. Owen is asking Council's consent. All Council Members agreed.

Mr. Owen reported that Caleb Haywood worked as an intern for the Town this past summer and noted that he did a lot for the Town from working on a park project to watering Town flowers. He went above and beyond coming in as an administrative intern. He wasn't paid by the Town. Mr. Owen stated that with Council's permission, he would like to pay Caleb for mileage with funds that are readily available. Council Member Tufts asked the amount. Mr. Owen stated \$855. All council members agreed.

At 9:05 p.m. Council Member Dunn made a motion for Council to proceed to closed session pursuant to NCGS 143-318.11. Council Member VonCanon seconded. All were in favor. No one opposed.

Mayor Lyerly thanked everyone for coming.

Council returned to open session at 9:39 p.m.

Other Business

Mr. Owen failed to report to Council that Ted Silver was not able to attend this evening's meeting. I have his proxy. Under *Public Comments*, he wanted to report that he attended Art on the Greene and wanted to recognize the volunteers who helped him in the booth for the Historic Banner Elk School: Allen and Rebecca Bolick, Joyce Newman, Neal and Marilyn Ramo and Barbara Henriquez. They sold bricks, took some donations and had inquiries for the golf event and the school project.

There being no further business, at 9:41 p.m. Council Member Tufts motioned to adjourn the September 2015 Town Council meeting. Council Member Lecka seconded the motion. All were in favor.

Adjourn

The Town Council meeting adjourned at 9:41 p.m.

Mayor Brenda Lyerly

Attested

Approved: October 12, 2015