

BUDGET WORK SESSION

March 8, 2021

In Attendance:

Members Present: Mayor Janet Winkler, Mayor Pro Tem, Larry Chapman, **Commissioners:** Jeff Link, Barry Mitchell, Rick Shew and Ann Smith

Others Present: Town Manager, Rebecca Bentley, Assistant Finance Officer, Michelle Coffey and Town Clerk, Tammy Swanson, Guest, Kyle Case, Rural Planning Program

Call to Order:

Janet called the meeting to order, and Mayor Pro Tem, Larry Chapman, led the group in the Pledge of Allegiance and opening prayer.

Presentation from Kyle Case, NC Dept. of Commerce:

Kyle Case, ARC Community Economic Development Planner, Northwest Region, introduced himself to the Board, and stated that he serves the northwest region of NC providing community and economic development assistance to communities, local governments, and regional organizations. He explained that this assistance takes the form of networking resources, technical assistance and research, project and program development, strategic planning for economies or economic sectors, and downtown revitalization.

Kyle stated that in response to the economic challenges communities are facing because of the COVID-19 crisis, the NC Rural Planning Program (RPP) has developed the Community Economic Recovery and Resiliency Initiative (CERRI). CERRI provides a planning process for communities to develop strategies for local economic recovery from the impacts of the COVID-19 crisis and offers technical services to assist in implementation of local strategies.

Kyle stated that the program begins with a Memorandum of Understanding, and the formation of a local group. He explained that this local group can be made up of both elected officials and appointed members. RPP will work with local staff to develop a Community Assessment meeting, with the assessment being either virtual or on site.

The Community Assessment meeting will include:

1. Presentation of local economic data relative to the current situation, economic diversity, etc.
2. Presentation of survey data relative to the local government support of the small business community.
3. Stakeholder interviews will focus on the impacts of COVID-19 on the local economy and analysis of their strengths, weaknesses, opportunities and threats.

Following the Assessment, a Recovery Plan of Work will be completed with guidance from RPP staff and the work group. Plan development meetings will include both a presentation of the findings from the stakeholder interviews and development of the recovery plan of work. With the assistance of the staff, the local work group will determine which implementation will be most beneficial for the community recovery and resiliency efforts, and establish a timeline for work to be completed.

Kyle reviewed the implementation and support services provided by RPP staff for communities engaging in CERRI.

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Small Business Community Support:

- Municipal guide to starting a business guide.
- Public space configuration for businesses.
- Business continuity planning.
- Additional small business support services.

Community Economic Resiliency Services:

- Local cluster analysis.
- Review of commercial district regulation.
- Local infrastructure asset mapping.
- Small business expansion and recruitment.

Janet asked what the first step would be for the Town to be involved with this program.

Kyle stated that the program would start with a Memorandum of Understanding, then identifying who the Board would like to include in the local work group.

Ann asked about the implementation – is there a fee?

Kyle stated that there is never a fee for his services. He stated that his services are funded through the ARC (Appalachian Regional Commission).

Janet asked how long it would take to complete a program.

Kyle stated that it would depend on how deep the Town would like to go with the project. He estimated that a project for the Town could possibly take 4 months.

Janet commented that it is her understanding that this plan could not only cover recovery for businesses, but it could be an even longer reaching program.

Kyle stated that it could also include the Town itself.

Larry asked how long the services could be stretched out.

Kyle stated that typically the services do not go beyond 5 years with a program

Ann asked about small business encroachment.

Kyle stated that the tools they use are main street tools, and the City of Lenoir, for example, has a make-shift program. He stated that the goal is to bring more people in to support the downtown businesses.

Ann asked if we are too small for a main street program.

Rebecca stated that we are not too small, but we really don't have staff to maintain the program. Rebecca commented that she feels that if our community knows we are looking at projects like this, we should take advantage of it, especially since it is free.

Kyle stated that he is interested in getting the word about businesses out there.

Rebecca stated that we don't always know what our businesses need, but this program could provide a way for us to hear from them and find out what they need.

Janet asked Kyle how soon he could have a Memorandum of Understanding ready.

Kyle stated that he could possibly have the Memorandum ready by next week.

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Rebecca commented that our next Board Meeting will be next Tuesday, March 16th, and she asked Kyle if the information could be ready for the meeting.

Kyle commented that he should be able to have the information ready by next Tuesday, March 16th.

Consensus of Board Members: Put the Memorandum of Understanding for the Community Assessment and Development of Recovery Work Plan on the agenda for the Tuesday, March 16th Board Meeting.

BOC Rules of Procedure Review:

Rebecca presented a copy of the Rules of Procedure for the Hudson Board of Commissioners that was adopted by the Board in 2015. She gave a copy of the rules to the Board Members that did not already have a copy. (Note: A copy of the Rules of Procedure is on file in the Town Clerk's office.)

HUB Station:

Discussion of HUB Rental Rates: Rebecca stated that there was action taken by the Board that addressed the rates for the rent of the spaces at the HUB. She stated that there has been some confusion as to what the rates are, and we need to make sure the rates being charged match the rates adopted by the Board as reflected in the minutes.

Rebecca reported that the minutes reflect the following:

Excerpt from minutes – 12/17/2018 Budget Work Session:

For Building B:

-It was the consensus of the Board to charge \$1 per sq. ft. of rental space for the for profit small business per month – everything included - both downstairs and upstairs.

Board Consensus – Rental Rates for incubator space: \$0.60 on the dollar of the normal rate per sq. ft. for one year only, with the second year the rate increasing to \$1 per sq. ft.

Board Consensus for non-profits and small business \$1 per sq. ft.

Excerpt from minutes – 09/04/2019 Budget Meeting

For Building A:

Rent – Half of a classroom – @ \$.60 per sq. ft. for artists and entrepreneurs/\$205 per month - to be re-evaluated after one year. Regular rental \$1.00 per sq. ft. – with the understanding by artists that they cannot sell their art from their space. Janice will make the decision whether or not the rental is an artist or retail.

Motion: (Rick Shew/Bill Warren) to rent the space upstairs to artists for \$.60 per sq. ft. for the first year, and for retail \$1.00 per sq. ft. Artists can decide how much space they need. Unanimously approved.

Excerpt from minutes – 12/15/2020: For EDGE:

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Ann stated that Janice has indicated that she did not understand the different rates or the rate schedule.

Janet stated that the current tenants were told a rate when they rented their spaces, and there is really nothing we can do to change that until their contracts renew.

Rebecca commented that the contracts are reviewed and renew each year.

Rick stated that if the tenants are not planning on an increase, a significant increase may be more than their business can endure.

Rebecca stated that if a tenant comes in during the year, we automatically give them the whole next year under the same contract.

Janet commented that many of our current tenants came in during 2020, which was a very difficult year. She suggested that we need to give them at least one more fiscal year under their current contracts. If their businesses are doing good at the end of the next fiscal year, 2021/2022, we could implement the correct rates.

Rebecca commented that according to Janice, none of the current tenants would be considered entrepreneurs.

Ann stated that she believes at least a couple of the tenants would fit the description of an entrepreneur.

Rebecca suggested that the rates not be changed until FY 2022-2023, with the rates being explained to the tenants in a letter sent out no later than June 2022.

Larry asked if the current tenants are aware that their contracts renew annually.

Rebecca stated that the current tenants are aware that the contracts renew annually.

Janet commented that the Town is new at being a landlord; however, we need to make sure that what we say is going to happen really happens.

It was the consensus of the Board that there would be no change in the rates for the current tenants until FY 2022/2023, and before the rates are changed, a letter would be sent to the tenants in June 2022 explaining the rate schedule and the increase.

Rick stated that he wants it to be made clear to the tenants in the letter that this increase is being made to bring the rates up to what should have originally been charged, and not to expect this much of an increase on a regular basis.

The Board also discussed the rental of space in EDGE. There is a limit of one year for renting space in the EDGE program; however, the business can rent a different space if they would like to continue to operate out of HUB Station after one year.

The Board also briefly discussed the School System's use of the gym at HUB Station.

HUB Water Tap \$400 - \$500:

Rebecca stated that the City of Lenoir has agreed to do a tap at HUB Station for an amount between \$400 to \$500. The normal tap fee is \$1200.

The Board discussed a couple of issues that will need to be address with the landscaping – for example, there is a crack where some of the pipes were installed that could catch a shoe heel and cause someone to trip.

It was the consensus of the Board to have the City of Lenoir to do the water tap as quoted.

PARTF Grant:

Rebecca gave the Board an update on the PARTF Grant fundraising project. To date, we have received approximately \$75,212 in donations and \$4500 in brick sales, making the fundraising total \$79,712. Rebecca commented that we are probably going to have to budget around \$100,000 of the match from the General Fund. The Town's match is \$222,580.

Barry asked about an extension for the project.

Rebecca stated that she is not sure we will need an extension. Rebecca estimated that once the building for the project starts, it could probably be completed in about 120 days.

Museum Director at HUB:

Ann stated that Jan Karon is in the market for hiring a museum director, and she asked if the Town might be interested in working with Jan in the same way the Community College works with reimbursing the Town for Resource Officers. The employee would be hired as a Town employee, but their salary would be completely reimbursed by Jan Karon. Ann commented that if for some reason Jan's funding for the position stops, the job would be eliminated.

Janet stated that the uniqueness to this is that Jan is actually going to be selecting and hiring the person.

Rebecca commented that if the person is hired as an employee of the Town, they would get the benefits other Town employees get, and Jan may not be interested so much is providing benefits.

Ann stated that she would have a conversation with Jan and the curators that Jan has put in charge of doing the hiring of the museum director.

Rick asked if there would be an objection to the Town being able to use the employee if they are not busy with museum work.

Ann stated that Jan has indicated that the museum director would be working 40 hrs. a week, which would include some work on the weekends.

Ann asked if Jan is interested in this type of employee contract and it holds us harmless, would the Board be interested.

Janet commented that she believes it would be a good idea to see what type of contract Jan would agree to for the position. She stated that Jan may not like the employee helping out with anything at the HUB other than the museum.

Salaries:

Rebecca reviewed a letter from Chief Blevins about the need for police officers. The Police Department has a vacancy, with no prospective resumes for a replacement. Rebecca stated that with a shortage of prospects, comes a need for competitive salaries. Western Piedmont Community College is the only college in the area with any BLET students, and the students are already spoken for by other Police Departments. Rebecca commented that other municipalities are experiencing the same issues, which often makes the field very competitive.

The Board gave direction to the staff for a couple of possible options to address the situation in the Police Department, and they plan to continue more discussion on this issue during the budget process.

Tax Rate:

Rebecca presented a report of tax rates for the municipalities in Caldwell County. Hudson's tax rate is currently .43 cents per \$100 valuation. Rebecca reported that according to the Caldwell County Tax Office, Hudson's estimated increase with the revaluation effective with the 2021 tax billing is 10%.

The tax rate for the 2021 tax year will be discussed during the budget process; however, it was the consensus of the Board that a change in the tax rate is not anticipated.

Stormwater Fees:

Rebecca stated that the Town can implement stormwater fees; however, since we do not bill for utilities, we would have to have special legislation to include a stormwater fee on our tax bill. The issue with putting the fee on a tax bill is that the Town would have the option of putting a lien against a property if the fee is not paid. She commented that it is her understanding that a lot of towns are implementing a stormwater fee.

The question was asked if Lenoir would be willing to include the fee on the water/sewer bills for the Hudson residents.

Rebecca stated that she is not sure, but it is something we could check on.

Jeff commented that adding a fee might be something a legislator would consider political, and they might not agree to do it for political reasons.

Rebecca commented that we are not talking about a lot of money with implementing the fee. The cost of program is approximately \$16,000 for the Town annually.

Rick stated that even if we have to pay a handling fee to Lenoir for charging it on their bills for us, it might be better than including it on the tax bills.

Rebecca stated that she plans to have a representative from the WPCOG at our next Budget Work Session to discuss the contracts the Town has with the COG.

Town Events for 2021:

Rebecca stated that according to the Governor's executive orders, the Town should still be able to have the concert by the *Chairman of the Board*, which is scheduled for Saturday, May 1st at HUB Station. Regular capacity for the HUB auditorium is 800 people, and according to the order, we could have 240 for the concert.

Rebecca stated that outdoor events are still very limited, which may eliminate the Butterfly Festival again this year.

The Board discussed having food trucks outside the day of the concert on May 1st to help draw a crowd to the concert. We could charge a fee to the food trucks for a space.

It was also discussed that May might be too close to plan for food trucks, and it was suggested that we check with the *Chairman of the Board* to see if their schedule would allow them to do the concert during the Arts Festival, which is scheduled for August 14th.

- HCDA – March of the Cross – since this is a HCDA/Church event, it should be exempted from the regulations. A decision on this event will be posted in the near future.

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- Easter Egg Hunt – Rebecca stated that Chuck Raby is planning some type of drive-by egg hunt for this year.

Next Budget meeting Scheduled:

The next Budget Work Session was scheduled for Monday, March 29th at 5:30 p.m. at the Town Hall.

Adjournment:

Motion: (Ann Smith/Larry Chapman) to adjourn the meeting. Unanimously approved.

Tamra T. Swanson, Town Clerk