

SPECIAL BOARD MEETING of March 26, 1997, with Mayor John Cleaveland and Commissioners H. N. James, Mike McCall, Donnie Calloway, Ron Sanders, and Zeke Sossomon present.

1. Mayor Cleaveland called the Special Board Meeting to order at 6:30 p.m.

2. MOVED BY COMM. CALLOWAY, SECONDED BY COMM. MCCALL, AND UNANIMOUSLY CARRIED TO GO INTO CLOSED SESSION TO INTERVIEW APPLICANTS FOR THE POSITION OF TOWN PLANNER/ZONING ADMINISTRATOR.

Between 6:30 p.m. and 8:00 p.m., the Board interviewed Samuel Austin, Edwin Madden, Verl Emrick, George "Skip" Grkovic, and Skip Taylor.

3. Richard Betz and Lamar Nix were then admitted to the Conference Room. The Board discussed the Town Planner/Zoning Administrator position with the Clerk. The Public Works Director informed the Board that Nelson McKinney had given notice of resignation; the Board authorized him to advertize for the position.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SANDERS, AND UNANIMOUSLY CARRIED TO GO INTO OPEN SESSION.

The following persons were then admitted to the Conference Room at approximately 8:15 p.m.: Sabrina Hawkins, Edward "Rip" Benton, Pat Benton, Curtis Hayes, Bob Bielan, Tony Chambers, Jim and Rene Ramsdell, Chris Alley, Hank Ross, and others.

4. Each Board member had received information prepared by the Highlands Lodging Association on the Room Occupancy Tax and the proposed revenue from a 1% Prepared Food Tax, as discussed at the previous meeting. Each Board member had also received from the Clerk a copy of a Prepared Food Tax bill from Hillsborough.

The Mayor reiterated the comments he had made at the March 19 meeting.

He also said that only four counties and one municipality in North Carolina had a Prepared Food Tax. Although such a tax might be a source of revenue down the road, he did not feel that the time frame permitted such a bill to be introduced at this time. He was also concerned with the administration of such a bill, and the use of proceeds in the Hillsborough bill, which was limited to promotion of tourism. He thanked the Association for the information they had provided, but said that he was still a proponent of a "pass-through" tax rather than an increase in utility charges.

Pat Benton asked the Board to accept the Association's opposition to the 3% Room Occupancy Tax, and offered to provide additional facts and figures. She said that the group had analyzed menus from all 13 restaurants in Town, and had conservatively estimated that a 1% Prepared Food Tax would generate \$104,000 in revenues.

Edward Benton felt that a Room Occupancy Tax would hurt group sales; he said that this had occurred in New York City several years ago.

The Mayor asked what would be accomplished by increasing user fees rather than implementing a "pass-through" tax; he pointed out that motel users would still have to increase their rates. Mr. Benton said he felt the net increase would be less than 3%.

Comm. Sossomon pointed out that, assuming the bill was adopted and the Board was given the authority to adopt a Room Occupancy Tax, there would still have to be a public hearing, and that the Board could implement a tax of less than 3%; he wondered if those present would have a diminished reaction to a 1% tax. He said that the Board's other options consisted of an ad valorem tax increase, which had been ruled out this year, a Prepared Food Tax, an increase in user fees for utilities, or assessments against abutting property owners on Main Street for sewer improvements.

Bob Bielan asked why a tax increase had been ruled out. Comm.

Sossomon pointed out that the sewer in Main Street primarily benefitted the business community. Ad valorem taxes had been increased three cents in each of the past two years, and the consensus of the Board was that it was not fair to continue to pass the cost on to residents. The Mayor agreed; he pointed out that the Wastewater Treatment Plant was used largely by the business community, and few residents could access it. He felt there had to be some balance.

Mr. Bielan pointed out that there were only three inns on Main Street. He also pointed out that when inns lose business, sales tax revenues would be eroded.

Sabrina Hawkins said that she had spoken to the Travel & Tourism Coalition, and had been told that a Prepared Food Tax bill could be substituted for the Room Occupancy Tax bill. The Mayor pointed out that the Board's only knowledge of such a bill was the Hillsborough bill, revenues from which would go entirely toward tourism; this would not help the infrastructure at all.

Comm. Calloway pointed out that the Town had imposed a moratorium on hotels and motels several years ago, and then lifted it when the new Wastewater Treatment Plant had been constructed. He said that many of those present tonight might not be here if the Town had not proceeded with constructing that plant. He felt the Board needed to adopt the bill, but did not necessarily have to implement the maximum 3% tax; he felt the Board could consider spreading the impact at a later date through the Prepared Food Tax or user fees.

Comms. Sossomon, McCall, and James all said that they would like to see some calculations on how much water, sewer, and electric rates would have to be increased to generate the necessary revenues. Comm. James said he was still not convinced that the room tax was the best way to go; he would like to review other options.

Jim Ramsdell asked if the Board would consider adding a Prepared Food Tax to the Room Occupancy Tax bill. The Mayor did not know what would be involved in re-writing the bill. Comm. Sossomon said he would not object to asking Rep. Carpenter if this could be done at this date.

The Mayor said he felt the consensus of the Board was to proceed with having the Room Occupancy Tax bill adopted, which would give the Town the right to implement such a tax after public hearings.

He assured those present, however, that the Board would do its best to see if a combination of a Room Tax, utility user rates, and perhaps a Prepared Food Tax might be implemented at a later date in order to prevent impacting one group in the business community more than others.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SANDERS, AND UNANIMOUSLY CARRIED TO PROCEED WITH ASKING REP. CARPENTER TO HAVE THE ROOM OCCUPANCY TAX BILL ADOPTED, BUT TO CONTINUE TO PURSUE THESE OTHER POTENTIAL SOURCES OF REVENUES.

Most of those present then left the room.

5. Because of the late hour, the Board agreed to postpone review of the Pay & Classification study until a later date. Gene Ramey, Cliff Ammons, R. L. Forrester, and others had arrived, but were informed that the Board was going to go into Closed Session again to discuss the Town Planner/Zoning Administrator position; they left the room. Lamar Nix also left the room.

MOVED BY COMM. SANDERS, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED TO GO INTO CLOSED SESSION TO FURTHER DISCUSS THE TOWN PLANNER/ZONING ADMINISTRATOR POSITION.

The Board then discussed the five applicants who had been interviewed earlier for the position of Town Planner/Zoning Administrator at some length, reviewed their qualifications, and discussed the amount of compensation to be offered for the position.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO GO INTO OPEN SESSION.

The Board instructed the Clerk to convey an offer of employment to one of the individuals interviewed for the position of Town Planner/Zoning Administrator, at an annual salary of \$27,000.

6. MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO ADJOURN. Meeting was adjourned at approximately 9:45 p.m.

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Richard Betz, Town Clerk