

Town of Lake Santeetlah

Council Meeting Minutes

February 13, 2024

Mayor Simon called the meeting to order at 12:01 PM. Councilmembers Kevin Haag, Jim Hager, Keith Predmore, and Ralph Strunk were present for the meeting. Town Administrator Kim Matheson, Town Clerk Kala Farley, and Town Technician Scott Kamps were also present. Attorney Craig Justice was available via Zoom.

Scott Kamps offered an Invocation and Keith Predmore led the Pledge of Allegiance.

Mayor Simon asked for a motion to open the Public Hearing, the Hearing will be to discuss consideration of adopting a 3% occupancy tax and the Town Council will also consider adoption of an ordinance to make the tax automatically renew each year. Haag made the motion. Hager seconded. All approved. The motion passed unanimously.

Statement from Council, guidelines of meeting: Predmore said we're going to try to limit the comments to five minutes a piece and he will be monitoring the time.

Statement from Tourism Development Authority Chair: Mayor Simon said she would like to reserve her statement as the Tourism Development Authority Chair until after this meeting.

Request for Public Comment:

Susan Robinson-Robinson said she was hoping to hear the benefits and any drawbacks of the TDA operating because there has been controversy about it. Robinson stated I know that this is really focused on restoring the 3% tax, but I do hope the Town will, and the Authority will, continue to communicate about why this Authority is a good thing to have.

Roger Carlton-Carlton spoke about the process of establishing the TDA that began years ago and said there was some contention at that time. Arguments against it then included the 3% occupancy tax would keep people from being able to rent, that it wouldn't be competitive, and it would require a separate audit and that would cost more than the revenue generated. Carlton said those arguments were debunked, and, to him, it seems very hard to find an argument not to do this when

all the other jurisdictions in Graham County do it. Carlton said the Council has the opportunity to put this back in place and start to generate money to improve the Town and strongly recommends approving this resolution.

Alan Davidson-Davidson said he would like to speak to the consequences of advertising a residential district. The Town is residential with no commercial district, and when speaking about the surrounding areas that collect occupancy tax, those areas have commercial districts with hotels and restaurants. Davidson asked that everyone consider the consequences of advertising the Town and what those consequences may be. One example was real estate marketability. Davidson said Lake Santeetlah is a magnificently beautiful part of the country and read examples taken from different websites that referred to the beauty, tranquility, peace, and quiet of the area. Advertising the Town is going to bring in traffic and you're going to undermine some of the marketable aspects of the real estate in this Town. Davidson said we'll lose the serenity and tranquility that we all love and cherish.

Jack Gross-Gross said the Town had before stated that they will not be responsible for enforcing the collection of the occupancy tax. Gross talked about the occupancy tax Resolution and said it states only that county members are allowed to serve on the board and also that the Town of Lake Santeetlah shall determine compensation. Gross stated I don't think that's legal. I believe it's the TDA board that determines their compensation. This TDA was originally formed under Article 31. Article 31 no longer exists. So what are we bringing this new TDA, or this revamped TDA in under? Gross said peace and tranquility is of great importance out here and the only thing that increases property values is the reassessment that just took place. Gross said This is a residential community and we should not be collecting this tax. We have a hard time spending it, we have a hard time filling the Board with properly qualified people, and it is one the biggest divisionary items on the mountain.

Strunk stated he would like everybody to know the effective date of the occupancy tax is April 1st and it's not retroactive.

Predmore said he had done some research prior to the meeting and shared the information he learned about the TDA. Predmore said the Town budget is about \$385,280. If we made an assumption based on the historical income, prior to the movement to zero out the occupancy tax, Predmore said it is possible to get \$10,000 from the TDA and stated I took \$10,000 and in an average that represents \$333,333.33 of money that passed through this town via rental. Predmore said the

people that pay that money are tourists that come to this town because of the peace and tranquility that Alan Davidson had before mentioned. Predmore said Town, in his opinion, is a place for a family to enjoy outdoor activities and the beauty of the area and that is what appeals to people and why they come and rent, and it is they that pay the tax. Everybody pays occupancy tax in those areas that have it and it benefits that area. Predmore said 3% of the occupancy tax that is paid can be used to pay for the administration of the tax collection. In past history of the Town of Lake Santeetlah's TDA that 3% is paid to our staff and that means our staff gets a pay raise, basically.

Haag said he wanted to address Susan's comment about the benefits or the negativity of having a 3% tax and said The 3% is what we call a visitor tax. It is not a tax on the homeowners of the Town. I want to make that very clear. Haag said he is one that came here because of the peace, the tranquility, the remoteness of the area and thinks Alan Davidson actually identified some of the issues that we have no control over such as noise and parking. Haag said If a motorcycle club comes driving through here, we have no way to enforce that. There's nothing that we can do to control that whatsoever. There have been issues in the past that renters cause noise, take too much parking, and other issues, and now those are of concern, I agree. That's the reason why we have Town zoning. Haag said there are many reason why the Council wants to collect the tax, one being approximately 30% of the money collected goes to administration, to the local team here. The other sixty plus percent is going to advertising tourism. Predmore stated I've polled a number of our citizens here, they were attracted here because they either had a friend or they saw something, in a magazine or what have you, to come into this region to fish, to hike, to enjoy nature, which increases our home value. This is a unique area, and it's my understanding that that increases the value of our homes in this area, and because we have a Town and because we have some rules and regulations, it kind of keeps things under control, not perfectly, but the best we can. Predmore referenced the concern of is it the Town's responsibility to collect the money and said when you rent through platforms like Airbnb, etc., they collect the taxes, and then it's dispersed back to the town, so it doesn't encumber our staff to have to manage all this stuff. It's sort of self-perpetuating. Predmore said parking issues don't just occur with renters, they can occur when relatives come to visit, and it's not an indefinite kind of situation. Predmore, in reference to not people to fill the TDA Board, said I think we can now get to the point that if we reinstitute this TDA tax that we have enough members in our community that would be

willing to step up and serve. I think it's been about two or three people here historically, partially because it wasn't funded, so there was no need to have more Board members.

Strunk asked if collection would be retroactive. Mayor Simon said it only applies to new bookings made as of April 1st. It is not retroactive

Craig Justice said he would appreciate it if Town members e-mailed Council members individually and not collectively. Justice stated if you have individual questions of individual Members, feel free to e-mail them, but I would prefer you not e-mail the Council as a group.

Mayor Simon stated I would like to request that everyone e-mail the office at info@townoflakesanteetlah.org and the office can then pass that e-mail on to all of the Council members. It will also be available for public records if it is going through the office rather than to directly to individuals.

Mayor Simon made a statement as the Tourism Development Authority Chair-(see attached)

Mayor Simon asked if there was a motion to adjourn the Public Hearing. Strunk made the motion. Hager seconded. All approved. The motion passed unanimously.

Break: there was a short break

Approval of the Agenda: Mayor Simon asked to amend the agenda by removing NB#5 Broadband report and NB#8 Southwestern Commission Report. Simon also asked to add a report from Kevin Haag on package delivery as NB#5. Hager made a motion to approve the amended agenda. Predmore seconded. All approved. The motion passed unanimously.

Approval of the January 9, 2024 Council Meeting Minutes: Hager made a motion to approve the January 9, 2024 Council Meeting Minutes. Predmore Seconded. All approved. The motion passed unanimously.

Financial/Tax Report as of January 2024: Matheson reported that the Town received approximately \$40,000 in taxes that were collected in the month of January. Matheson said we did move the \$39,000 that was budgeted for road reserves. That has been transferred into the road reserves account and we still had \$202,000 in there. We're expecting another check from the county for \$47,000, so we're going to have \$250,000 still in our regular checking account. We're moving \$100,000 into a CD somewhere, checking some rates. So, looks like right now

maybe United Community Banks is going to have the best rate, and they're offering the rate of 2.95 for seven months. Matheson said at last look, the water fund had approximately \$77,000 and was good. The Town hasn't had any major water breaks or anything major going on out at the Well House so that always helps our budget.

Mayor Simon read the Ethics Statement Reminder: In accordance with the State Government Ethics Act, it is the duty of every Town of Lake Santeetlah Council member to avoid conflicts of interest. If anyone has a conflict of interest with respect to any matters coming before the Town of Lake Santeetlah Council today, please identify the conflict and refrain from any participation in the matter involved.

Old Business:

1. **Rescind the adoption of "Committee on Broadband", set as "Ad Hoc Advisory Group" (action):** Craig Justice said that having created a committee and then organizing it and then appointing members to it, you have created a formal committee. That, by statute, means you've created an additional public body. So, when that committee gets together and meets, Kim and others would have to send out public notice, conduct the meeting as an open meeting, keep minutes of that meeting and basically, effectively render that committee similar to what the Town Council is subject to in terms of procedural constraints, open meeting transparency. Justice said there was nothing improper about creating the proper committee, but the Council may not have understood the consequences of all the procedural hurdles that went with that committee, and if the Council wanted to do it differently, more informally, they would rescind the formal committee and then, one idea would be to tap one of the Council members as You're going to be responsible for going out there in the community, soliciting ideas, and coming back and report to us. Hager made a motion to rescind the adoption of "Committee on Broadband". Predmore seconded. All approved. The motion passed unanimously.

New Business:

1. **Resolution to change Tourism Development Authority Occupancy Tax from 0% to 3% (action):** Strunk made a motion to adopt the 3% Occupancy

tax effective April 1st. Predmore seconded. All approved. The motion passed unanimously.

2. Ordinance to automatically renew the Tourism Development Authority Tax Collection Resolution annually (action): Hager made a motion to adopt the ordinance to automatically renew the Tourism Development Authority Tax Collection Resolution annually. Haag seconded. Mayor Simon voted yes. Strunk voted yes. Predmore voted no. The motion passed 4-1.

3. Monthly computer maintenance agreement with Computer Resolution: Matheson explained the trouble of not having someone who is available to assist with computer problems in a timely manner. The wait time for assistance results in the office being shut down and sometimes it can be three to four days before someone is available to come out. Matheson said The Internet, you all know is an issue, but when it went off for several days, it changed the IP address on our computers, our server, and our printer. The guy from Computer Resolutions came and fixed all of that and he says that it was a permanent fix. He said we had no virus protection, no backup, no ransomware and he installed all that as part of the monthly fee that we're going to pay him. Matheson said he works for Graham County and pretty sure works for the Town of Robbinsville. He came out the same day I called him and he got us fixed. Matheson said just knowing that we have somebody that I can call and is going to come out the day of means something and I don't have to wait 3-4 days for somebody to come out and help me. He did want us to do a monthly agreement with him and the cost was \$250. Predmore said he had reviewed the contract and suggested an out clause and a mediation agreement be added.

Mayor Simon asked may we have a motion to accept and approve a monthly computer maintenance agreement with Computer Resolution. Haag made the motion. Hager seconded. All approved. The motion passed unanimously.

4. Budget amendment: Matheson stated we had just a few areas that we needed to clean up with a budget amendment. Matheson said \$100,000 had been budgeted in Sales and Use tax. The lease amount that the Town had received since July 1st was \$10,022 a month. If the monthly amount received was only \$10,000 for 12 months that would be \$120,000. Matheson said we're getting over \$11,000 almost every month. So, I raised the Sales and Use to \$20,000 and I was able to do the budget amendments that I needed, not using that whole \$20,000 so if we did need to move some money somewhere else before the end of the budget year we could. We were over in

the payroll expense and there's another one for the office financial software \$4600. Some of what we had budgeted for in the previous year for the new software, we didn't spend it all, but they didn't bill us until this budget so we went over there. Office supplies, we do use a lot of paper and pens and things we need in the office so I did put extra money there so we would have enough hopefully to get us through the rest of the year. Beautification, we had gone over a little bit there. I did add some extra in there so that when the spring comes, if we want to put out more flowers and the TDA can't, we do have a little bit of money there and then the \$1500 is for the computer maintenance. The election, \$3100 over, the majority of that is the cost of the Absentee ballots and the One Stop. We had an election and Fontana had an election. We bore the cost of the One Stop and the Absentee because they did not do that, so we paid for all the meetings that they had and the protest was part of that, \$800 I think it was for the protest. All of that totaled \$12,430 to clean those things up. In the water fund, I took the money from the water line discovery. Scott seems to think they are not going to be able to come out this year and do that because they have so many projects going on and they don't have the people to come down and do that. But, if it does come back up and they can come down, the money will be put back in there for them to do the line discovery, so I just wanted to say that up front. Hager made a motion to approve the budget amendment. Haag seconded. All approved. The motion passed unanimously.

- 5. Report on package delivery from Kevin Haag:** Haag said there are a number of citizens that are frustrated because of the Postal Service and package delivery. If the package doesn't fit in the mailbox, the postal worker will leave a slip in the box to pick it up at the post office or will leave it on the mailbox rather than bring it up to the house. If the postal worker is aware of inclement weather they will wrap it in plastic but they are not always aware of the weather so sometimes packages get ruined. Another issue is some packages are left out for a number of days since not everyone lives here full time. Haag made a proposal to use the guard house as an interim solution to place packages in there. Hager said he thinks there might some liability if we use Town property to store packages. Justice said it adds a wrinkle of liability exposure to the Town. Predmore said it seems extremely obvious to the Town doesn't want anything to do with that liability issue and the post office uses a slip that lets the people know to pick up their package because it wouldn't fit in the mailbox. The issue lies between the homeowner or person

and the Post Office. Mayor Simon said we could put something on the website as a courtesy to notify people in Town they need to contact the Post Office directly if they have issues with package delivery.

6. Water Tank Fence: Haag said Scott, myself, and Jim met with a contractor to get a bid for a chain link fence around the two water tanks on top of the mountain as required by Homeland Security. Haag suggested that TOLS draw up the parameters of what we want the contractors to bid on, we want this length of fence this high, this size, this color, completed within this timetable, whatever we want, we draw up the parameters for this and then every contractor is bidding apples with apples instead of getting this bid and that bid and its apples and oranges.

7. TOLS Code of Ethics: Justice said the Resolution that was adopted in 2010 was compliant with the statute that requires the adoption of resolution and there is no legal reason for adoption a new one.

Request for Public Comment:

Jack Gross-Gross said in regards in hiring of the new attorney the Motion made and motion conveyed in the minutes weren't the same and the motion made should be the one that is adhered to and from this point forward any motion made needs to be word for word in the minutes. Gross also said the hiring of attorneys never got voted on by the Board, nor did the firing of the previous attorney. Gross said if you're going to table something you need a motion to table and then go straight to a vote, there's no discussion. Gross said when Mayor Simon is acting as the Chair of the TDA she should hand the gavel off to Mayor Pro Tem and shouldn't be wearing two hats at one time.

Justice stated if you wanted to do a motion at this meeting to hire Van Winkle law firm effective January 1st, 2024 pursuant to the agreement that has been provided already in the record that would be fine. Justice said you can take action, general business, at any meeting. It's only when you have special meetings that you need to be more exact in the notice. So, it doesn't have to be something on the agenda. You have general business authority at every meeting.

Predmore stated I'd like to make a motion to confirm the consensus of the last meeting regarding the positive hiring of the law firm and its contract that has been signed, as well as the release of the previous law firm, effective January the 1st. Haag seconded the motion. All approved. The motion passed unanimously.

Alan Davidson-Davidson said he thinks it is important to keep in mind that not everybody has the same circumstances about their life in the Town of Lake Santeetlah. Davidson said we all don't have to like each, but we can appreciate everybody has their own perspective and their own point of view.

Roger Carlton- Carlton said he would like to ask the Council to reconsider the broadband committee and determine whether they want a committee that does have to have Zoom meetings with announcements, has confirmed who the members are in advance, that our staff has agreed to provide help on the zoom, and that our attorney has agreed for documents that need legal review. Carlton asked that it be relaunched with a committee that is going to meet in an open and transparent manner, has to keep minutes, and do all those things because eventually there's going to have to be a contract signed with a company that says they are going to meet certain standards. Carlton also said he had hoped that the Council would start a process that would bring in the citizens for input in regards to doing the budget.

Susan Robinson-Robinson suggested that the Council write some of their motions in advance because it is hard to form them on the fly. Robinson also asked if we could not just put the Zoom people on the spot during Public Comment and perhaps just check at the end of the Public Comment or ask if there are any further comments from the room or the Zoom. Robinson said in interest of keeping the meeting shapely, it disadvantages people on Zoom who may not be in the room, to interject, to keep the public comments for public comments and then if you need to do business after public comment that might the thing to do.

Bebe Bradley-Bradley suggested that the Council check that the Computer Resolutions guy has enough security background. Bradley also said that people should go to the post office and let them know if someone isn't getting their mail.

Chris Bradley-Bradley said since he had spent his career doing information security for computer systems that he was well qualified to analyze the offering of Computer Resolutions. Bradley said he was concerned the tools that were mentioned in the quote are outdated and would like to speak to Abraham about what he is using and will it be effective for the price.

Announcements:

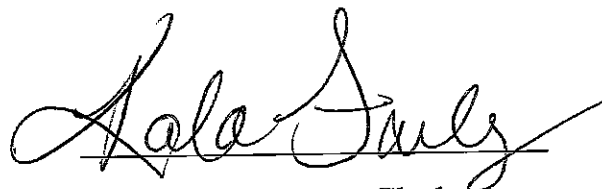
- The next regular scheduled Council Meeting will be held March 12, 2024 at 12:00 PM. This meeting will be held at Town Hall and via Zoom. The link to join by Zoom will be sent out by mass email.

Motion to Adjourn

Hager made the motion to adjourn the meeting. Predmore seconded. The meeting was adjourned at 2:05PM.

Handwritten signature of Diana Simon in cursive script, underlined.

Diana Simon, Mayor

Handwritten signature of Kala Farley in cursive script, underlined.

Kala Farley, Town Clerk

Statement from the Tourism Development Authority Chair:

Why Tourism Development Authority?

- Lake Santeetlah has been an established tourist destination for more than fifty years, starting with the Thunderbird Lodge; a hotel, restaurant and marina.
- Without the TDA, tourism will continue as it always has. But there is no benefit to the community at large.
- There was an opportunity to collect tourist revenue for Town use, instead of only benefiting Graham County.
- As of today, there are 22 rental homes listed on airbnb.com and 18 listed on vrbo.com. That is six homes less than last year's listing.
- Vacation Rental guests pay an occupancy tax that benefits our Town.
- TDA Rules of Procedure states: The TDA shall use at least two-thirds of the occupancy tax funds to promote travel and tourism in Town of Lake Santeetlah and surrounding area and shall use the remainder for tourism-related expenditures.
- We use tourism-related expenditures to maintain the beauty of our town.
- TDA is also able to influence the quality of renters who come to our town. Advertising in publications, such as Our State magazine, brings high-quality renters, such as families, to the area. The TDA promotes our town as a high-quality destination for people seeking nature and outdoor recreation.
- Promotion of Lake Santeetlah has a beneficial effect on our property values. In 2023, Lake Santeetlah has once again been recognized nationally as a Travel & Leisure magazine pick for "11 Most Beautiful Lakes in the United States". We are #3 on the list!
- Occupancy tax revenue helps the larger communities of Robbinsville and Graham County, as tourists to Lake Santeetlah spend money in the area. There is a good true tangible benefit to the community at large.

How has the Occupancy tax been used?

The first tourism related beautification project was placing informative plant tags identify native plants for all who walk the Thunderbird/Cherokee loop road.

Another tourism related project, approved by the NC School of Government, was the beautification of the front entrance during renovation. Vacation rental revenue contributed over \$17,000 towards the front entrance island improvements and restoration of the Lake Santeetlah sign. Rental guest taxes also paid for landscaping of the front entrance and purchased Adirondack chairs for Maniere Park. Even without continued collected tax rental taxes continued to pay for front entrance plants, such as Spring daffodils and Christmas decorations.

A Note About Property Owner Concerns

- As mentioned, we will continue to have tourism regardless of an Occupancy Tax.
- Some people are concerned that promoting Lake Santeetlah as a tourist destination will bring increased traffic, noise, and unruly boat traffic.
- Please note these are issues that will exist with or without the TDA Occupancy Tax.
- The remedy for some of these issues, especially noise, is to request the Planning Board put in place an ordinance.
- The remedy for boat issues, is to work with rental property owners on the lake to advise renters of boating rules and common courtesy.

The Resolution on Occupancy Tax Rate will resume a beneficial revenue for the Town. It will be effective April 1, 2024.