

REGULAR MEETING OF THE TOWN BOARD OF COMMISSIONERS OF JANUARY 3, 2012

Town Board Present: Mayor David Wilkes, Vice Mayor Gary Drake, Commissioner John Dotson, Commissioner Amy Patterson, Commissioner Brian Stiehler and Commissioner Eric Pierson.

Also Present: Interim Town Manager Robert Zoellner, Town Manager Robert Frye, Planning Director David Clabo, Police Chief Bill Harrell, Town Clerk Rebecca Shuler, Recreation Director Selwyn Chalker, MIS/GIS Director Matt Shuler, and Recording Secretary Jane Capman.

1. Meeting Called to Order

Mayor Wilkes called the meeting to order at 7:00 p.m.

2. Public Comment Period

There were no public comments.

3. Adjust and Approve revised agenda

Commissioner Eric Pierson moved to approve the Agenda, as revised, which was seconded by Commissioner Brian Stiehler and the vote was unanimous.

4. Approval of Minutes:

December 6th, 2011 minutes (special meeting)

Commissioner Amy Patterson moved to approve the December 6, 2011 minutes (special meeting), which was seconded by Vice Mayor Gary Drake and the vote was unanimous.

December 6th, 2011 minutes (regular meeting)

Vice Mayor Gary Drake moved to approve the December 6, 2011 minutes (regular meeting), which was seconded by Commissioner Eric Pierson and the vote was unanimous.

December 8th, 2011 minutes (special meeting)

Commissioner Amy Patterson moved to approve the December 8, 2011 minutes (special meeting), which was seconded by Commissioner Brian Stiehler and the vote was unanimous.

5. Reports

A. Mayor

There was no mayoral report.

B. Commissioners & Committee Reports

There was no Commissioner or Committee Reports.

Commissioner Amy Patterson advised that she would not be attending the next regular scheduled Town Board meeting and inquired as to proceeding with the preparation of a Local Act as to the Town’s form of government and was advised by Mayor Wilkes that it would be re-addressed at the first meeting in February, 2012.

C. Interim Town Manager

There was no Interim Town Manager report.

6. Consent Agenda

A. Fire Chief Appointment, James “Popcorn” Manley

B. Appointment of Town’s Firemen Relief Fund Representative Bob Houston

Commissioner Amy Patterson moved to approve the Consent Agenda, which was seconded by Commissioner Brian Stiehler and the vote was unanimous.

7. Commissioner Committee Appointments

Land Use Committee

Mayor Wilkes appointed Commissioner John Dotson and Commissioner Eric Pierson to serve on the Land Use Committee.

Scholarship Fund Raising Committee

Mayor Wilkes appointed Vice Mayor Gary Drake and Commissioner Brian Stiehler to the Scholarship Fund Raising Committee.

8. Special Recognition – Matt Shuler, CGCIO

Matthew Shuler, MIS/GIS Director for the Town of Highlands, successfully graduated from the 2011 Certified Government Chief Information Officers Program™ at the University of North Carolina at Chapel Hill’s School of Government. The CGCIO program is the first local government specific program for CIOs in the nation, which began in 2005. It is designed for local government Chief Information Officers and Information Technology Directors whose challenging responsibilities require a broad understanding of management, leadership, legal, regulatory, and enterprise topics. The course is approximately 240 hours in length and instruction covers strategic technology planning, communication, project management, emerging trends, risk assessment and management, acquisition management, change management, leadership, security, legal issues and financial trends. Matthew Shuler is one of the 27 public sector leaders who successfully completed the course this year.

Mayor Wilkes spoke of the program, congratulated Mr. Shuler and advised that this put the Town of Highlands on the leading edge of technology.

9. Electric Financial Forecast with Kevin O’Donnell

The Town Board was presented with the following income statement as to rate increases for their review.

Forecasted Financial Forecasts				
Estimate as of Dec. 23, 2011				
Income Statement Item	FY '10-'11	FY '11-'12	FY '12-'13	FY '13-'14
Rate Increase Effective Jan. 1		12.00%	8.00%	4.00%
Operating Income				

Sales Revenue [1]	\$3,534,961	\$4,1145,000	\$4,625,073	\$4,951,603
Other Operating Revenue [5]	288,175	62,982	145,000	145,000
Total Operating Revenue	\$3,823,136	\$4,307,982	\$4,770,073	\$5,096,603
Total Electric Operating Expenses				
Purchased Power Costs [2]	\$2,314,831	\$2,872,050	\$3,294,768	\$3,433,987
Administrative Expenses [3]	1,077,812	1,186,306	1,198,169	1,210,151
Operations Expenses [3]	0	0	0	0
	\$3,392,643	\$4,058,356	\$4,492,937	\$4,644,138
Operating Margin Before Capital Outlays	\$430,493	\$249,626	\$277,137	\$452,465
Capital Outlay Other Improvements [4]	\$215,815	\$260,000	\$200,000	\$200,000
Capital Outlay - Equipment [4]	0	0	0	0
Total Capital Outlay	\$215,815	\$260,000	\$200,000	\$200,000
Net Operating Margin	\$214,678	-\$10,374	\$77,137	\$252,465
Transfer to Capital Project/Other Funds	\$366,985	\$154,599	\$154,599	\$154,599
Transfer-In from Rate Stabilization Fund	\$0	\$164,973	\$165,315	\$87,853
Net Income to Reserve	-\$152,307	\$0	\$87,853	\$185,719
NI to Sales Ratio	-4.3%	0.0%	1.9%	3.8%
Rate Stabilization Fund	\$330,288	\$165,315	\$87,853	\$185,719

Notes:

1. Assumed load growth was 1%
2. Purchased power costs calculated separately using Duke Cost estimates.
3. Admin and operations costs assumed to increase 1% per year.
4. Assumes no increase in capital outlay from FY '10-'11 levels.
5. Assumes 1% increase in other operating revenue.

Nova Energy Consultants, Inc.

Duke Retail Rates vs. Highlands Retail Rates – retail has two rate changes per year: base rate changes (of-late anyhow) and fuel changes. Our wholesale rates change once per year.

- Duke retail rates on residential consumers went up 5% in Sept. for fuel. The base rate increase is 7.2% for a total increase of 12.2%.
- Duke will file another base rate increase next year. Nova's GUESS is that they will ask for a 10% residential rate hike. The fuel change is estimated to be about 3%.
- When we compare our rate changes, we need to consider both Duke's fuel increase and their base rate increase.

The Town Board was presented with Nova Energy Consultant, Inc.’s letter to Lamar Nix dated September 30, 2011 for a comparison of Duke, Highlands, and Haywood EMC costs.

Current Rate Change

- Stepped increase from Nantahala rates to Duke rates.
- 2013 wholesale increase is estimated to be about 8%. Increases thereafter should be at or-below 5%.
- Recommendation is a 12% rate increase to be effective for all bills rendered after Jan. 1.
- The entire rate increase is being driven by Duke. I did not include any extra funds for the Town’s operations.

Kevin O’Donnell presented an overview to the Board and the new Commissioners of the town’s electric structure and history. Mr. O’Donnell stated that the numbers reflected in the above forecast is merely a “forecast” and may change. The Board discussed previous increases, rate stabilization fund, and capital expenses.

Discussion also took place as to the importance of Highlands having its own electric system as citizens will most likely have power restored faster than customers of Duke Energy. Mayor Wilkes stated that since rates are going up no matter what, he would like to educate the public on saving energy and making their homes and businesses more energy efficient.

The Town Board will schedule a special meeting with Town Engineer Lamar Nix for next week to further review this matter.

10. Small Town Main Street Branding & Wayfinding

Ran Shaffner presented the following information to the Town Board regarding the supplemental budget request:

In the spring of 2011, the North Carolina Town Main Street Program set as one of its priorities improving the wayfinding signage system of Highlands. Since then, surveys have been taken of existing signs and proposals have been made for additions, removals, upgrades, and consolidation, which would help tourists as well as residents easily find destinations in town, such as parking, restrooms, businesses, civil and cultural centers, etc.

On August 2, 2011, the Design committee approached the Town Board with a budget request of \$16,750, which the Board approved for the branding/wayfinding project. Shortly thereafter, the State cut its budget, including the STMS Highlands’ representative who submitted the original budget request. The STMS Committee has interviewed three proposals from well-qualified and experienced branding and wayfinding organizations and has chosen the best one to carry out the project.

The Town Board was presented with a contract and proposed schedule from Frazier Associates of Staunton, Virginia, which works with Arnett Muldrow Associates of Greenville, SC. The STMS Committee is requesting from the Town Board approval of an additional \$10,800 to allow Frazier Associates to carry out the proposed branding/wayfinding project for Highlands.

Proposed Schedule by Frazier Associates & Arnett Muldrow Associates:

Phase One: Branding by Arnett Muldrow Associates

Week 1/February 13 th	Information gathering and background review
Week 2/February 20 th	Group session during two full days with city officials, commissions, and committees; civic organizations, downtown and area businesses; and community

residents. Production of a single, high-quality brand for the wayfinding signs and/or for letterheads, banners, brochures, event posters, advertising, etc.

Week 3/February 27th

Design refinement based on community feedback

Phase Two: Wayfinding by Frazier Associates

Weeks 4 – 6/ (March 5th – 23rd)

Information gathering, review of STMS Market Study, Wilbur Smith parking study, and STMS Design Committee survey of existing and proposed signs

Weeks 7 – 16 (March 16th - May 31st)

Preparation of 2 or 3 sign system designs based on the new Highlands brand; application of the preferred design to gateway, parking, and destination signs and information kiosks, etc. Ranking of the signs according to priority and selection of what’s to be included on the signs. Preparation of a sign location map. Cost estimates for engineered drawings and manufacture and installation of the signs

Contract total from Frazier Associates/Arnett Muldrow Associates = \$27,450 (This total amount includes all fees and reimbursable expenses).

Previous approval by the Highlands Town Board = \$16,750

Balance requested by the STMS Committee to complete the contract = \$10,700

The cost of the manufacture and installation of the signs would be a separate request, but it would include cost estimates and a prioritized list for installing only those signs affordable at that time. Mr. Shaffner advised that the scope of the project had not changed, just the price.

Mr. Shaffner also presented to the Town Board examples of wayfaring signs in other towns, and pictures of problem signs in Highlands.

In discussion with the Town Board, Mr. Shaffner advised that with the previous parking and market studies already prepared and submitted to Frazier Associates, the costs were reduce by \$50,000.

Mr. Shaffner stated that the Town needs to look for signs that are unique to Highlands, as signage is needed to help people find their way.

After further discussion regarding the Main Street budget, Commissioner Brian Stiehler advised that he supports this matter, as it is something that should be pursued.

As there was no further discussion, Commissioner Brian Stiehler moved to approve the additional \$10,700 for a contract total of \$27,450, which was seconded by Commissioner Amy Patterson and the vote was unanimous.

11. Town Boards and Committees

Applicant: Patricia Turnbull, Planning Board

Planning Director David Clabo advised the Board that he spoke with Ms. Turnbull and she is still interested and would be a good addition to the Planning Board.

Commissioner Amy Patterson moved to appoint Patricia Turnbull to the Planning Board, which was seconded by Commissioner Brian Stiehler and the vote was unanimous.

Applicant: Sonny “U. H.” Parrish, Zoning Board Alternate

Commissioner Amy Patters moved to appoint Sonny “U.H.” Parrish as a Zoning Board alternate, which was seconded by Vice Mayor Gary Drake and the vote was unanimous.

12. 10.18.11 Budget Amendment Corrections

The Town Board was presented with summaries of all funds and Interim Town Manager Robert Zoellner advised the Board that the corrections were merely a clean-up measure of what was previously approved on October 18, 2011.

Commissioner Amy Patterson moved to approve the October 18, 2011 Budget Amendment corrections, which was seconded by Vice Mayor Gary Drake and the vote was unanimous.

13. Holiday Pay for Police Officers

Police Chief Bill Harrell presented to the Town Board the following information and proposed wording (in italics) regarding the personnel manual:

Article VII. Leaves of Absence

Section 3. Holiday – When Work is Required

Employees required to perform work on regularly scheduled holidays may be granted “holiday compensatory time off” or paid at one-half times their hourly rate for actually worked in addition to any holiday pay to which they may be entitled. *Employees required to perform work on the actual holidays, such as when certain holidays observed by the Town of Highlands that fall on weekends will apply the afore mentioned one and one-half hourly rate for hours worked.* “Holiday compensatory time” shall be granted whenever feasible and taken within three (3) months from the time it is earned.

Police Chief Harrell explained the situation to the Town Board wherein police officers who were assigned for duty on Christmas Day (as an example) was merely receiving their regular pay and not time and a half. The Board discussed this matter at length and Vice Mayor Drake stated that he agreed that the officers should be properly compensated but did not agree with the proposed wording.

Commissioner Brian Stiehler made a motion to approve payment of time and a half when the regularly scheduled work day falls on a holiday, effective this pay period.

Commissioner Brian Stiehler amended his motion to approve payment of time and a half when the regularly scheduled work day falls on a holiday, effective this pay period with the Town Attorney to redraft the wording of Article VII, Section 3.

Commissioner Brian Stiehler again amended his motion to approve payment of time and a half or compensatory time off when the regularly scheduled work day falls on a holiday, effective this pay period with the Town Attorney to redraft the wording of Article VII, Section 3.

Commissioner Brian Stiehler again amended his motion to state that any employee required to perform work on holidays will be granted time and a half or compensatory time off for time actually worked in addition to any holiday pay to which they may be entitled effective this pay period, which was seconded by Vice Mayor Gary Drake and the vote was unanimous.

Commissioner Amy Patterson moved the Town Board into Closed Session, which was seconded by Vice Mayor Gary Drake and the vote was unanimous.

14. Closed Session for Personnel under [N.C.G.S. 143-318.11(a)(6)]

The Board met in closed session pursuant to N.C.G.S. 143-318.11(a)(6)] to discuss a personnel matter. No action was taken.

14. Adjournment

Upon returning to open session and as there were no further matters to come before the Board of Commissioners, Commissioner Amy Patterson moved to adjourn, which was seconded by Vice Mayor Gary Drake and upon unanimous vote the Town Board adjourned at 9:26 p.m.

Mayor David Wilkes

Jane J. Capman
Recording Secretary

Robert Zoellner
Interim Town Manager

Rebecca Shuler
Town Clerk