

SPECIAL BOARD MEETING and REGULAR BOARD MEETING of March 19, 1997, with Mayor John Cleaveland and Commissioners H. N. James, Mike McCall, Donnie Calloway, and Zeke Sossomon present. Comm. Sanders arrived at 6:45 p.m.

Also present were Richard Betz, David MacDonald, Orville Coward Jr., George Schmitt, Bud Potts, Larry Brooks, and Jack Calloway.

A. Special Board Meeting with Scholarship Committee - 6:30 p.m.

Mayor Cleaveland stated that the purpose of the meeting was to give the Board the opportunity to meet with the Scholarship Committee to discuss scholarship policy in general. School Principal Larry Brooks outlined changes which the Committee had proposed for the scholarship application forms this year. Graduating seniors would submit initial applications due April 15, and college students would submit renewal applications due June 15; family income information would be optional. Mr. Brooks said he expected that 15 or 16 of the 31 graduating seniors would apply for scholarships this year, and approximately the same number of college students would re-apply.

He said that the Committee's policy was to give each applicant an award, although the amount varied. George Schmitt said that the Committee felt that even students coming from families with a high income should be given an award based on academic excellence. Last year, \$18,500 in scholarships was awarded from \$32,000 available for distribution. The Board also discussed the Committee's policy on assisting students who had graduated from a college, then wished to continue their education at a later date.

The Mayor thanked the members of the Scholarship Committee for meeting with the Board, and expressed his appreciation for their hard work.

Orville Coward Jr., George Schmitt, Bud Potts, Larry Brooks, and Jack Calloway left the meeting at approximately 6:50 p.m.

While waiting for the Regular Board Meeting to begin, Mayor Cleaveland asked David MacDonald from the D. O. T. Statewide Planning Office to informally brief the Board on a proposed Thoroughfare Plan.

Mr. MacDonald explained that the Planning Board had asked his office to look into the possibility of a by-pass for Highlands, and he reviewed the different options which that Board had considered. He said that a by-pass using Oak and Maple Streets alone would not address traffic entering Town from NC-106; a First Street Connector had therefore been proposed, involving a bridge from First Street across Recreation Park property to Foreman Road. He said the cost of the bridge would be less than the other options, and would result in lowered congestion in Town. Mr. MacDonald said that normally a Town would adopt a mutual Thoroughfare Plan with the D. O. T., and would then lobby through the area Highway Commissioner to have a project placed on the Transportation Improvement Program (TIP).

The TIP program required a minimum of 7 years to become fully funded.

In this case, the process could take longer because the property had been funded through the Land and Water Conservation Fund (LWCF).

He said that the area of LWCF land used for the bridge would need to be replaced with comparable adjoining land purchased by the Town; eminent domain could not be used. These issues would have to be worked out in the environmental impact stage of the project.

The Mayor thanked Mr. MacDonald, and said that the Board would like to discuss the Thoroughfare Plan with him under New Business on the agenda later in the Regular Board Meeting.

B. Regular Board Meeting - 7:00 p.m.

In addition to those present for the Special Board Meeting, the following had arrived: Lamar Nix, Curtis Hayes, Edward and Pat Benton, Sherman Runions, Pat Boyd, Steve Pierson, Sabrina Hawkins, Derek Taylor, Isabel and Tony Chambers, John Lupoli, Jolene Niblack, Bob Bielan, Dr. Peter Reitt, Buck Trott, James Ramsdell, Christy

Kelly, and others.

I. Mayor Cleaveland called the meeting to order at 7:05 p.m.

II. The minutes of the March 5 Regular Board Meeting had been distributed by mail.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. JAMES, AND UNANIMOUSLY CARRIED TO APPROVE THE MINUTES AS DISTRIBUTED.

III. Reports.

1. The Mayor reported that the Board had met informally in a dinner meeting with the County Commissioners at Michael's Cafe at 7:00 p.m. on March 17, as reported at the March 5 Board meeting. He felt the meeting had been very worthwhile.

2. The Mayor reported that he had met with three members of the Board of Directors of the Highlands Emergency Council to discuss the possibility of space for Fibber's in their building on Town property on Poplar Street. He said that, with the construction of additional office space in their building, the Emergency Council did not feel there was enough room in their building; a building approximately 1500 SF in size would be required.

MOVED BY COMM. SANDERS, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED TO ASK THE PUBLIC WORKS DIRECTOR TO REVIEW THE FEASIBILITY OF LOCATING SUCH A BUILDING ON TOWN PROPERTY ON POPLAR STREET, ADJACENT TO THE EMERGENCY COUNCIL BUILDING.

3. Public Works Director Lamar Nix reported on routine maintenance in the Electric, Street, and Water departments. Right-of-way trimming had been completed along NC-106, and other three-phase lines would be trimmed along the major highways while the traffic count was relatively low. He said that he had begun ordering materials for the Big Bearpen water line, as well as replacement of a 2" galvanized line at Netsi Place and a similar line at Blue Valley Point; the work would be done by the Town Water Department.

4. The Clerk reported that he had spoken to Harold Saylor, Regional Engineer for the State's Public Water Supply Section, concerning bids received at the last meeting on the Lake Study for Lake Sequoyah. Mr. Saylor had agreed to eliminate two of the sampling months, one of the sites, and some of the other tests he had requested. Fish and Wildlife Associates, the low bidder, had submitted a revised bid of \$27,893, not including testing for Acrylonitrile and Ethylenethiourea, plus \$325/sample for algal bloom samples. The Clerk said that Mr. Saylor had advised that this was the next step in the reclassification of the Lake as a Class I Reservoir, and that his Department would be performing a Watershed Study; however, Mr. Saylor could not offer any assurances concerning the probability of reclassification until the study had been completed. The Clerk reported that there were adequate funds in the Water Reserve Fund for the study, and that he was also exploring the availability of grant money.

MOVED BY COMM. SANDERS, SECONDED BY COMM. CALLOWAY, AND UNANIMOUSLY CARRIED TO PROCEED WITH THE LAKE STUDY.

The Clerk also reported that the North Carolina League of Municipalities would be holding one of its 1997 Regional Meetings in Franklin on April 22.

IV. Old Business.

1. The Clerk reported that it had recently come to his attention that the Art League of Highlands was planning two art shows in the Highlands Civic Center this summer, as it had last year. He had discussed the art shows with the Recreation Director, and they had agreed that the shows appeared not to comply with the policy the

Board had re-affirmed at the January 22 meeting in denying Kathy Finley permission to use the building for her craft shows.

Ms. Pat Boyd was present, and explained to the Board that the Art League of Highlands was a non-profit organization founded in 1980, whose members were artists in the area. She explained that the two-day shows planned for July and October were open to the public, and allowed artists to show several pieces of their art. The Art League provided teachers for the public schools, programs for parents, provided scholarships for young people, donated art and videos to the library, and provided support for the Bascom-Louise Gallery. Members paid \$30/year, and the League was a member of the Highlands Chamber of Commerce. She said that the League was seeking a permanent home, and requested permission to use the meeting rooms in the Civic Center in July and October each year; the gym would not be used.

Comm. Calloway asked if any of the artists sold their paintings at the art shows; Ms. Boyd said that they sometimes did. He asked if there was any way to prohibit sales at the shows.

The Mayor felt that the Art League did a lot of good in Highlands and he commended them for making art a part of the community. He felt perhaps the Town could accommodate the shows if Comm. Calloway's suggestion concerning sales was incorporated into the Art League's policy, and if the shows continued not to charge admission or use the gym. The Board agreed by consensus.

2. The Clerk provided each Board member a copy of two proposed amendments prepared by Town Attorney Bill Coward concerning a proposed Mutual Aid Agreement between the Highlands Police Department and the Macon County Sheriff's Department. He also reported that the Town's insurance carrier had advised him that the current Professional Liability insurance would cover police officers responding outside of Town under such an agreement. The Board agreed to take this matter under advisement until the next meeting.

3. The Clerk reported that he had received a final copy of the proposed lease between the Town of Highlands and Highlands-Cashiers National Public Radio Association for a translator site on the Upper Brushy Face water tank, as discussed at the previous meeting; he had reviewed the lease, and it incorporated all of the recommendations of Town Attorney Bill Coward.

MOVED BY COMM. CALLOWAY, SECONDED BY COMM. SOSSOMON, AND UNANIMOUSLY CARRIED TO APPROVE THE LEASE AGREEMENT.

4. The Board discussed the Macon County budget application which had been received for FY 97-98, and was due by the end of the month. It was agreed that the Town should request \$150,000 for operating expenses at the Highlands Recreation Park, and also request that the County consider funding the expense of the emergency dispatcher now funded by the Town.

5. The Board discussed a lease for a repeater site on Satulah Mountain, prepared by Warren Cabe, County Emergency Management Coordinator, as discussed at the previous meeting. Comm. Sossomon had reviewed the lease agreement, and recommended making several minor changes in wording, as well as changing the term from 25 years to 5 years.

MOVED BY COMM. JAMES, SECONDED BY COMM. MCCALL, AND UNANIMOUSLY CARRIED TO APPROVE THE LEASE AGREEMENT, INCORPORATING THE CHANGES SUGGESTED, FOR A TERM OF 5 YEARS.

6. Steve Pierson met with the Board to discuss proposed improvements to the Bowery Road Water System. The Mayor said that the Board had raised several questions at the previous meeting about the extent of Mr. Pierson's plans for developing his property, and what responsibility he had to participate. It was reported that, at their meeting of September 7, 1994, the Board had approved in

concept "Option 2," proposed by W. K. Dickson Company—replacing Segments A, B, C, D, E, F, & G, and a pump station upgrade, as shown on a drawing dated July 1994—at a cost of \$350,000; the project was to be approached in phases. Mr. Pierson pointed out that the lines in the road would not serve any new property. Comm. James pointed out that there was no line in the road now where Section C was indicated.

Public Works Director Lamar Nix recommended that the first phase of this project consist of replacing lines A, B, C, & D; then perhaps the smaller branch lines could be replaced by the Town's own forces.

He said that eventually the Board would also have to address water volume for fire protection; the 25,000 gallon existing tank would have to be replaced with a minimum 75,000 gallon tank. The existing tank was on land owned by Mr. Pierson; Mr. Pierson said that he would be willing to provide a new tank site, but he wanted it to be underground so that it would not block views. He said he would be willing to work with the Town on the tank.

Mr. Pierson then showed the Board a topographical map showing his property, and reviewed his general development plans. He expected to develop between 15 and 16 lots on the 100 acres north of Bowery Road. In addition, there were 27 lots in Sagee Woods. An additional 33-acre tract could be developed at the end of the road, perhaps 12 lots could be developed on the old Monroe property, and additional development could occur on the 25-acre Pierson "home place" and the 36-acre Henderson property.

The Board agreed to proceed with obtaining cost updates from the Town's consulting engineers.

V. New Business.

1. David MacDonald reviewed what he had said earlier in the meeting concerning the Thoroughfare Plan. He further explained that traffic counts in the area for the next 30 years projected 15,000 vehicles per day in the downtown area, approximately 25% to 30% higher than today. The proposed bridge would remove from 2000 to 4000 vehicles per day, although the downtown area would still be over capacity on peak days. He reiterated that the advantage of a Thoroughfare Plan was that it would make funding much more likely in the future.

He said that a public hearing was not required for adoption of a Thoroughfare Plan, but was recommended by the D. O. T.

Comm. James asked about the size of the bridge. He said it would be a two-lane bridge from 80 to 100 feet above Mill Creek and approximately 1500 feet in length. The estimated cost would be \$7 million.

Peter Reitt asked if, when completed, the by-pass would be designated US-64. Mr. MacDonald said that it would, and that Main Street would be designated US-64 Business.

The Board thanked Mr. MacDonald for his presentation, and agreed to take the Thoroughfare Plan under advisement.

2. The Mayor reported that he had met with the Highlands Lodging Association and other business owners on Monday, March 17, concerning the proposed Room Occupancy Tax. He said that he had asked Rep. James Carpenter to postpone consideration of the local bill (H-319) in Committee until next Wednesday. He understood that several area motel owners had lobbied Rep. Carpenter in opposition to the bill, and that the Travel and Tourism Coalition of North Carolina also opposed it. He felt that, other than a 1% tax on processed food which had recently come to his attention—which would require a local bill as well—this tax was the only viable source of additional revenue available to the Town; he felt that a "pass-through" tax would be easier on businesses than other taxes, and re-iterated the Town's need for the revenue such a tax could raise, estimated at \$100,000. He also pointed out that ad valorem taxes had been

increased twice in the past two years for infrastructure improvements; now he felt it was the Business Community's turn to step up to the plate.

Bob Bielan, representing the Hampton Inn and the Highlands Lodging Association, said that he was not opposed to raising money or to the proposed projects, but he was opposed to the targeting of his industry's source of business, the customers; he said his business was a fragile one, and that his customers were already complaining about the current 9% total tax. He thought that the tax would impede solvency, and was not evenly spread through the tourist community, in that it placed no burden on the day-use customers. He cited other neighboring Towns with lower tax burdens, and felt that motels in Highlands would be placed at a competitive disadvantage. He also felt that collecting and accounting for the tax would place a burden on small businesses. By stifling businesses that would normally come to Highlands, the tax would not enhance tourism or economic development.

Tony Chambers also provided information from other Towns in the area having lower overall tax burdens. He pointed out that Black Mountain used Powell Bill money for street improvements. The Clerk reported that the Town only received approximately \$68,000 in Powell Bill money each year; the Mayor said that all of that money was earmarked for repairing existing roads. Mr. Chambers said that he had been tracking the current County room tax since its implementation in 1986, and he believed the Town would be likely to expect \$140,000 to \$150,00 in revenues from a 3% tax, rather than the \$100,000 the Mayor had projected. He felt that in that case the Town might want to consider implementing only a 2% tax.

James Ramsdell pointed out that a good portion of the County tax was not being collected. He also said that the Room Tax would only tax a small portion of tourism, and wondered if there was any other way to tax all of the tourists coming to Town.

The Mayor said that the Town had been diligent in managing its financial resources over the years, but pointed out that recent capital expenses had reduced the Town's capital reserves. He said the Board felt the Town needed to move forward with the Main Street Utilities Improvement Project as soon as possible. He felt the only question was, do you want a "pass-through" tax, or is the Board going to have to increase electric, water, and sewer rates for the business community?

John Lupoli suggested that the Board study the feasibility of a 1% prepared food tax, and also calculate how much water and sewer rates would have to be increased in order to raise the same revenues. He said he would rather see an increase in utilities.

Pat Benton also asked about the prepared food tax; she asked the Mayor to see if there were any other sources of revenue.

The Mayor said that he would be happy to again look into the possibility of other sources of revenue, and offered to review any information those present might be able to obtain by next Wednesday night, March 26; a Special Meeting had been scheduled for that date to review the Pay & Classification Study. He offered to see if consideration of the Room Occupancy Tax Bill could be postponed past that date.

4. Buck Trott was present on behalf of the Little Tennessee River Basin Committee. He reported that the Committee had been given a \$100,000 EPA grant over the next 3 years, and proposed funding an education coordinator for a four-county area; he gave each Board member a copy of a proposed job description for the position. In order to fund the \$30,000/year position, the Committee was asking for a commitment of \$3000 from each of the counties involved, plus \$1000 from the municipalities. He said the Town of Franklin had agreed to provide \$1500 per year. He asked the Board to consider budgeting \$1000 for the next three years for this purpose. The Board

agreed to take the request under advisement.

5. MOVED BY COMM. SANDERS, SECONDED BY COMM. MCCALL, AND UNANIMOUSLY CARRIED TO GO INTO CLOSED SESSION TO DISCUSS PERSONNEL MATTERS.

- A. Public Works Director Lamar Nix reported that he had thus far been unable to fill the vacancy in the Street Department created by transferring Jimmy Mull to the Water Plant. In addition, Ben Zachary had resigned from the Trimming Crew. It was suggested that the positions be advertised in the Cashiers and Franklin newspapers. The Board also discussed on-call duty policy, and the possibility of employing a full-time crew to install water lines.
- B. The Clerk reported that 30 applications for the Town Planner/Zoning Administrator position had been received to date. He had tentatively arranged for five of the applicants to be interviewed in 20-minute sessions by the Board in Closed Session, beginning at 6:30 p.m. prior to the Special Meeting of March 26. The Board agreed with the proposed interview schedule.

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

VI. Meeting was adjourned by common consent at approximately 9:20 p.m.

Richard Betz, Town Clerk