

Regular Meeting Minutes of the Town of Highlands Board of Commissioners Meeting of May 18, 2017, at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina

Town Board Present: Commissioner Amy Patterson, Mayor Pro Tempore John Dotson, Commissioner Brian Stiehler, Commissioner Eric Pierson and Mayor Pat Taylor

Town Board Absent: Commissioner Donnie Calloway

Also Present: Town Manager Josh Ward, Town Attorney Jay Coward, Finance Director Rebecca Shuler, Public Works Director Lamar Nix, MIS/GIS Director Matt Shuler, Computer Support Specialist Mark Hall, Officer Mike Jolly, Parks & Recreation Director Lester Norris and Town Clerk Gibby Shaheen

1. Meeting Called to Order

Mayor Taylor called the meeting to order at 7:00pm.

2. Public Comment Period

There were no comments.

3. Adjust and Approve the Agenda

Town Manager Josh Ward had an addition, item number 10 to the Agenda will be Closed Session pursuant to NCGS §143-318.11(a)(6) Personnel Matters to discuss applicant for the Planning Director position then Adjournment.

Commissioner Stiehler made a motion to approve the agenda with the addition, which was seconded by Mayor Pro Tempore Dotson and the vote was unanimous.

4. Approval of the April 20, 2017, Regular Meeting Minutes

Commissioner Patterson made a motion to approve the April 20, 2017, regular meeting minutes as presented, which was seconded by Commissioner Pierson and the vote was unanimous.

5. Reports

A. Mayor

Mayor Taylor stated he had attended Highlands School honors and gave away 19 town Scholarships. Mayor Taylor thanked Commissioner Stiehler and Commissioner Calloway for their help in the golf tournament and Town Attorney Jay Coward and the scholarship committee for their time.

Mayor Taylor stated we have \$800,000.00 principal in the scholarship fund with only 1% interest. Mayor Taylor stated he had discussed with Finance Director Rebecca Shuler and Town Manager Josh Ward to check into the regulations of those type accounts and to seek out another account to hold the money to obtain more return.

B. Commissioners and Committee Reports

There were no commissioner or committee reports.

C. Town Manager

Town Manager Josh Ward welcomed new billing clerk Maquetta Wilson Jennings who began this week.

Town Manager Josh Ward also stated we are working on committee schedules.

6. Consent Agenda

Public Works Department
Police Department
Parks & Recreation Department
Treasurer's Report
Planning & Development Department

Commissioner Patterson made a motion to accept the consent agenda as presented, which was seconded by Commissioner Pierson and the vote was unanimous.

7. Presentation of Proposed FY 2017-18 Budget

Town Manager Josh Ward presented the following:

TOWN OF HIGHLANDS FY2017-18 BUDGET MESSAGE

May 18th, 2017

Mayor Patrick Taylor and Town Board of Commissioners

I am pleased to present the FY 2017-18 Budget for your review and consideration.

As required by the General Statutes of North Carolina (The Local Government Budget and Fiscal Control Act), the revenues and expenditures presented within this budget are balanced.

In order to present a balanced budget, it was necessary to appropriate \$703,439.00 from undesignated General Fund Balance and \$782,770.00 from the electric reserve fund for a combined total of \$1,486,209.00.

These funds were used to offset capital project deficits within the Recreation Department and the Water Fund, as well as, providing funding for the new Fiber Section of the MIS/GIS Department, replacing the former Broadband Fund.

The current General Fund Reserve Balance is approximately \$3,000,000.00

The current Electric Reserve Fund Balance is approximately \$2,800,000.00

All other funds are self-supporting and require no outside fund transfers to operate.

Budget Highlights:

As presented, the overall FY 2017-18 Budget has revenues and expenditures totaling \$16,462,457.00.

The ad valorem tax rate will remain at \$0.164 per \$100.00 valuation. The valuations are determined by the Macon & Jackson County Tax Departments. The ad valorem tax revenue decreased slightly due to the 2016 revaluation in Jackson County, but the revenue collected is expected to continue to meet the budgeted amount. The tax rate does include a 3-year extension of the .015 earmarked for recreation capital projects, which is scheduled to sunset June 30th of 2020.

This rate is based on an approximate valuation of \$1,730,600,000 and an estimated collection rate of 98.6%.

All other revenues are projected to be stable with a continued increase in the Local Option Sales Tax Distribution.

The current Highlands Volunteer Fire Department tax rate of .01 per \$100.00 valuation remains unchanged.

The current Town of Highlands charges for electrical service remains unchanged.

The water rates for outside city limits customers are increased effective July 1, 2017 as follows:

- **Outside City Limits:** Minimum Charge for Water Usage up to 2,500 gallons used are increased from \$55 to “Double” the Inside City Limits Rate, which is currently \$35.

- Outside City Limits: Usage Charges for water used over the first 2,500 gallons will increase from \$5.00 per 1,000 gallons used, to “Double” the Inside City Limits Rates, which is also currently \$5.00.
- Outside City Limits: Connection Fees are increased from \$1,500 to “Double” the Inside City Limits Rates, which are currently \$1,000.

This will ensure that in the future the Outside City Limits Rates will remain double the rates of the Inside City Limits Rates for minimum charges, usage and connections.

The proposed revenue increase will assist with maintaining the water infrastructure outside the city limits, where those customers do not contribute to the Town of Highlands ad valorem tax revenue.

The sewer rates for Inside and Outside City Limits customers are increased from the current 95.75% of water used, to 100% of water used, effective July 1, 2017.

The proposed budget includes a cost-of-living adjustment of 2% for all full-time employees.

The proposed budget includes a renewal of the current employee health insurance plan with Blue Cross with an increase of 8%, with the Town continuing to cover 50% of dependent coverage.

TOTAL EXPENDITURES

Total Expenditures for all funds are split between the individual funds as follows:

General Fund	\$5,626,507.00
Scholarship Fund	\$42,500.00
Fire and Rescue Special Revenue Fund	\$414,000.00
Cemetery Fund	\$48,000.00
Water Enterprise Fund	\$2,755,230.00
Sewer Enterprise Fund	\$654,200.00
Capital Projects Fund	\$93,350.00
Sanitation Enterprise Fund	\$710,000.00
Electric Enterprise Fund	\$6,118,670.00
Total Expenditures	\$16,462,457.00

GENERAL FUND

Total expenditures for the FY 2017-18 General Fund Budget is \$5,626,507.00. These funds are split between the individual departments/funds as follows:

Governing Body	\$29,370.00
Administration	\$1,050,998.00
Planning/Zoning	\$126,950.00
MIS/GIS	\$448,700.00
MIS/GIS Fiber	\$300,700.00
Police Department	\$1,371,744.00
Street Department	\$910,400.00
Public Buildings	\$84,000.00
Parks and Recreation	\$1,034,745.00
Recreation-Pool	\$228,400.00
Recreation-Ice	\$40,500.00
Total Expenditures	\$5,626,507.00

ENTERPRISE FUNDS

The Town of Highlands operates the following Enterprise Funds:

Water
Sewer
Sanitation
Electric

WATER FUND

Total expenditures for the FY 2017-18 Water Utility Enterprise Fund is \$2,755,230.00.

It is proposed to increase the water rates for outside city limits customers, including minimum charges, usage charges and connection fees to double the established inside city limits rates for FY 2017-18.

It is proposed to transfer \$782,770.00 from the Electric Fund to cover the costs associated with the replacement of the Buckhorn water tank, the replacement of the Satulah Vista/Old Orchard waterline and the reallocation of a portion of the funds from the FY 2016-17 bleach treatment system project at the water treatment plant.

SEWER FUND

Total expenditures for the FY 2017-18 Sewer Utility Enterprise Fund is \$654,200.00.

It is proposed to increase the sewer rates for Inside and Outside City Limits customers from the current 95.75% of water used, to 100% of water used for FY 2017-18.

ELECTRIC FUND

Total expenditures for the FY 2017-18 Electric Enterprise Fund is \$6,118,670.00.

In order to present a balanced budget across all funds, it was necessary to appropriate \$782,770.00 from the Electric Reserve Fund to offset capital project deficits within the Water Fund.

The current Town of Highlands minimum charge for electrical service remains unchanged at \$20.31 per month for residential customers and \$22.67 (single phase) or \$32.69 (three phase) per month for commercial users.

SANITATION FUND:

Total expenditures for the FY 2017-18 Sanitation Enterprise Fund is \$710,000.00.

The sanitation fund will not require any fund transfers to operate. The fund is balanced and includes the necessary increase in overtime to cover Saturday and Sunday commercial trash pickup.

The current Town of Highlands minimum charge for residential and commercial trash pickup will remain unchanged.

SPECIAL REVENUE FUNDS

The FY 2017-18 Budget includes the following Special Revenue Funds:

Fire Department
Capital Projects

FIRE DEPARTMENT FUND

Total expenditures for the FY 2017-18 Fire Department Fund is \$414,000.00.

The Highlands Volunteer Fire Department provides service to Town of Highlands and a portion of unincorporated areas of Macon and Jackson Counties.

The revenue for the Fire Department is generated 100% through the Fire District Ad Valorem property tax and not the Town of Highlands General Fund; a Special Revenue Fund was established to provide accountability.

The current Highlands Volunteer Fire Department tax rate of .01 per \$100 valuation will remain unchanged.

CAPITAL PROJECTS FUND

Total expenditures for the FY 2017-18 Capital Projects Fund is \$93,350.00 and includes the following fund transfers:

General Fund	\$15,698.00
Water Fund	\$20,685.00
Sewer Fund	\$56,967.00

These funds are allocated to various projects to pay for debt service on the Kelsey-Hutchison storm water project (\$15,698.00), debt service on the Lake Sequoyah water intake project (\$20,685.00) and debt service on the Mirror Lake sewer project (\$56,967.00).

LONG TERM OUTLOOK

At the current time, the financial outlook for the Town of Highlands remains strong.

The Town's undesignated General Fund Balance remains strong and all Enterprise Funds are stable and covering all of their operating costs.

As described above, the Town is proposing the use of a significant amount of undesignated general fund reserves in the FY 2017-18 budget. I would like to point out, the Town will fund, up front, two of the three phases of the civic center renovation in FY 2017-18. This funding will be regenerated over the next 3 years with the continuance of the 1.5 cent ad valorem property tax earmarked for recreation capital projects. Also, the new fiber section of the MIS/GIS department will potentially be funded by leasing fiber, if the town decides to fund the fiber infrastructure build in the future.

The Electric Fund is relatively stable and continues to provide the capital necessary to offset other funds capital project costs. With that being said, the electric fund revenue slowly declines each year as Duke Energy continues to raise wholesale rates. Given the extent to which the Town depends upon the Electric Fund to finance significant portions of its capital improvement program; it is critical for the town to closely monitor the rate increase estimates provided each year by Duke Energy and adjust its rates accordingly so as to avoid a very large rate increase in the future.

Due to the ability to transfer funds from the Electric Reserve, the town has been fortunate to keep its long term debt extremely low.

CLOSING COMMENTS

I would like to thank Mayor Taylor and the Town Board for their guidance in working with staff during the budget development process.

I would also like to commend the town department heads for the diligent work they put into the budget, in order to ensure sufficient funding in the areas that is needed.

In closing, I look forward to implementing this budget and I hope that we continue to achieve our priorities and goals of providing quality public services to the community.

Sincerely,

Joshua P. Ward
Town Manager
Town of Highlands

Commissioner Pierson made a motion to schedule a public hearing for the approval of the FY 2017-18 Budget for June 15th, 2017 regular Board of Commissioner's meeting at 7:00pm which was seconded by Commissioner Patterson, and the vote was unanimous.

8. Request to Display Art in Founders Park

Nick Bazan and Sallie Taylor presented a picture of the purchased wagon wheel and stated the plan is to display the wagon wheel in the park in the Hutchinson Memorial area as a symbol of the pioneers who developed the area. Bazan stated in addition to the wagon wheel they would like to put out a call to artist to display art or sculpture in the park and then maybe rotate the art through town. Bazan recognized the park is owned by the town and wanted to get Board approval before the call to artist is submitted.

Mayor Pro Tempore Dotson asked how often the art would be rotating. Bazan said it depends on what art was decided upon, but every one to two years.

Commissioner Patterson stated she didn't want the park to be limited to sports, but didn't want this type of thing to take over the park. Bazan assured the Board that the intention wasn't to take over the park from being open, but to display first class art. Commissioner Patterson stated what may alleviate the concern is to designate the areas where art could be displayed. Bazan agreed.

Commissioner Stiehler made a motion to designate the Hutchinson patio area, wall near the interactive fountain and the triangle in the plaza, which was seconded by Commissioner Patterson and the vote was unanimous.

9. Planning Matters: Subdivision Applications

A. Chandler Highlands, LLC Subdivision

Town Manager Josh Ward presented the following:

Chandler Highlands Subdivision – the application is for the approval of the preliminary and final plat for a three lot subdivision located at 455 Bowery Road, PIN #7540927285. The current parcel is a total of 10.30 acres and is zoned R-1 Residential. The proposal is to create three new lots, one 5.10 acre lot, one 2.58 acre lot, and one 2.62 acre lot. All three lots will front along Bowery Road with individual driveways. Each new lot will meet all the requirements within the Unified Development Ordinance. Each lot has the availability of Town water and electric service. On-site wastewater systems have been approved for each lot by the Macon County Environmental Health.

The Planning Board reviewed the subdivision application at their regularly scheduled meeting on April 24th and recommend approval. Staff recommendation is to approve the preliminary and final subdivision plat as submitted.

Mayor Pro Tempore Dotson asked if the existing loop road shown on the plat was to stay in place and if so, does it meet street size. Town Manager Josh Ward stated it will remain a driveway to the lot, the previous home was demolished. Town Manager Josh Ward stated that each lot will have individual driveways.

Commissioner Patterson made a motion to approve the subdivision as presented, which was seconded by Commissioner Stiehler and the vote was unanimous.

B. Highlands Plaza Subdivision

Town Manager Josh Ward presented the following:

Highlands Plaza Subdivision –The application is for the approval of the preliminary and final plat for a two lot subdivision located at 103 Highlands Plaza, PIN #7540208395. The current parcel is a total of 9.96 acres and is zoned B-3 Commercial. The proposal is to create two new lots, one 6.96 acre lot containing all existing commercial buildings and one 3.00 acre vacant lot. Both new lots will meet all the requirements within the Unified Development Ordinance, including the 70% watershed built upon limit, as described on the plat by Sprinkle Surveying. Each lot has the availability of Town water, sewer and electric service. Each lot can be accessed from multiple streets.

The Planning Board reviewed the subdivision at their regularly scheduled meeting on April 24th and recommended approval upon several additions/corrections to the plat. The items were addressed and new plats were created and submitted and are before you tonight. Staff recommendation is to approve the preliminary and final subdivision plat as submitted, any questions.

Mayor Pro Tempore Dotson stated a few years back when they were planning the car wash they were required to create a separate parcel, what happened to that. Town Manager Josh Ward stated that he went back into the Zoning Board Minutes and it didn't stipulate it to be subdivided it just had to be a designated area to be leased and was to stay in the family, so it is part of the entire tract. Mayor Pro Tempore Dotson asked if it was subject to its own restrictions. Town Manager Josh Ward answered restrictions definitely on the parcel, but not required to be subdivided as a separate lot.

Mayor Pro Tempore Dotson asked Mal Phillips as he had advertised the car wash for sale over the years that did not include the real estate that was the only the business? Mal Phillips responded it was only the business, and the real estate was subject to the Lease between the business and Mitchell Properties, LLC.

Mayor Pro Tempore Dotson asked Town Manager Josh Ward if the way the property was presented with these two parcels with the main having all the impervious on it would this be all that could be done. Town Manager Josh Ward answered yes it is at the 70%, but it could be redeveloped and that would change, but the way it is now it is locked in.

Commissioner Patterson made a motion to approve the subdivision as presented, which was seconded by Mayor Pro Tempore Dotson and the vote was unanimous.

10. Closed Session: Pursuant to NCGS §318.11(a)(6) Personnel Matters

Commissioner Pierson made a motion to go into Closed Session pursuant to NCGS §318.11(a)(6) to discuss personnel matters at 7:45pm, which was seconded by Mayor Pro Tempore Dotson and the vote was unanimous.

11. Adjournment

As there were no further matters to come before the Board of Commissioners, Mayor Pro Tempore Dotson moved to adjourn which was seconded by Commissioner Patterson and upon a unanimous vote, the Town Board adjourned at 8:00pm.

Patrick Taylor
Mayor

Gilberta B. Shaheen
Town Clerk