

**Special Meeting Minutes of the Town Board of Commissioners Meeting of May 17<sup>th</sup>, 2018 at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina.**

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

**Also Present:** Town Manager Josh Ward, Public Works Director Lamar Nix, Parks & Recreation Director Lester Norris, MIS/GIS Director Matt Shuler, Police Chief Bill Harrell, Planning & Development Director Andrew Bowen, Finance Director Rebecca Shuler and Human Resource Director Emilie Nickerson

**1. Meeting Called to Order**

Mayor Taylor called the meeting to order at 2:58pm.

**2. Adjust and Approve the Agenda**

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

**3. Budget Amendment ~ Buckhorn Water Tank Project**

Back in December the board approved a budget amendment to cover the entire amount of the Buckhorn Water Tank & Pump Station project that went along with a project ordinance for the next two fiscal years. The amendment was to transfer monies from the Electric Fund into the Water Fund. Upon recent interim audit work, the amendment would be better suited in the Capital Projects Fund due to the amount of the project. Therefore the following amendment reversing the amendment from December from the Electric and Water Funds and amending them to go from the Electric to the Capital Projects Fund was presented.

TOWN OF HIGHLANDS BUDGET AMENDMENT  
AMENDMENT # \_\_\_\_\_

May 15, 2018

FROM: Electric Fund, Water Fund and Capital Projects



DEPARTMENT: Electric, Water and Capital Projects

EXPLANATION: To Move items from certain funds, departments and line items into other funds, departments and line items.

Account	Description	Increase/Decrease	Debit	Credit
1. 35-3800-0910	Fund Balance Approp. ~ Electric	Decrease	\$1,377,600.00	
35-8300-9501	Transfer to Water Fund	Decrease		\$1,377,600.00
	<b>Subtotals</b>		<b>\$1,377,600.00</b>	<b>\$1,377,600.00</b>

2.	30-3800-0936	Transfer from Electric Fund	<b>Decrease</b>	<b>\$1,377,600.00</b>	
	30-8110-7300	Capital Outlay/Other Imp.	<b>Decrease</b>		<b>\$1,377,600.00</b>
			<b>Subtotals</b>	<b>\$1,377,600.00</b>	<b>\$1,377,600.00</b>
3.	35-3800-0910	Fund Balance Approp. ~ Electric	<b>Increase</b>		<b>\$1,377,600.00</b>
	35-8300-9515	Transfer to Capital Projects Fund	<b>Increase</b>	<b>\$1,377,600.00</b>	
			<b>Subtotals</b>	<b>\$1,377,600.00</b>	<b>\$1,377,600.00</b>
4.	32-3800-0935	Transfer from Electric Reserve	<b>Increase</b>		<b>\$1,377,600.00</b>
	32-8446-7100	Contract ~ Buckhorn Water Tank & Pump St.	<b>Increase</b>	<b>\$1,224,500.00</b>	
	32-8446-7510	Leg/Adm/Eng Fee ~ Buckhorn Water Tank & Pump Station	<b>Increase</b>	<b>\$153,100.00</b>	
			<b>Subtotals</b>	<b>\$1,377,600.00</b>	<b>\$1,377,600.00</b>
			<b>Totals</b>	<b>\$5,510,400.00</b>	<b>\$5,510,400.00</b>

Approved by Town Manager

Action by Town Board

Approved and Entered on Minutes Dated

Finance Director

After a very brief discussion on this amendment, Commissioner Patterson made a motion to approve the amendment as presented, which was seconded by Mayor Pro Tempore Pierson and the vote was unanimous.

#### **4. Final Review FY2018-19 Revenue, Expenditures and Capital Projects**

During the budget process, staff begin comparing Duke Energy's monthly charges for Cost Ash versus the Town's monthly Cost Ash collection. Staff quickly recognized the Town has been under collecting for the Cost Ash Recovery Cost since it began in February. After discussing with Kevin O'Donnell, NOVA Energy Consultants, he discovered the numbers he was using from Duke Energy to calculate the Town's figures was only for the Calendar Year 2018 and did not include the 2015-2017 catch up cost. After discussing several options with Mr. O'Donnell, the determination was made that we should continue with the current charges for the next 3 years. As you may recall, the plan was to start with the current charges and reduce them each year as the Town started to pay back the 2015-2017 catch up cost. With collecting the same amount over the next 3 years, the Town will be under collecting for approximately a year and a half

and then begin to over collect for the remainder of the 3 year period, in order to balance out the overall cost.

Something to also keep in mind, the figures used are the best estimates from Duke Energy at this time. The amounts can and probably will vary slightly from year to year. The exact overall costs the Town of Highlands will be required to pay will not be determined until a later date when Duke Energy settles the Duke Carolinas case.

On a positive note, two separate outcomes this current year has the Town paying Duke Energy less. First, the new Federal Tax Code changes have reduced taxes for Duke Energy, which is an overall savings to the Town of \$88,000 per year reflected on the monthly bill. The changes occurred January 1, 2018, saving the Town \$44,000 this fiscal year and \$88,000 next fiscal year. Second, the FERC order for over collecting since 2014 due to Duke's incorrect regulatory assets rate formula resulted in a \$175,000 savings for the Town, which was received in March.

Upon discussions in reference to the Coal Ash recovery, it was determined that the numbers would be looked at annually as to what has been collected versus what has been charged. It was discussed to also include the \$175,000.00 credit in the FERC order credited on the March 2018 Duke bill to the Town as part of the repayment of Coal Ash therefore reducing the amounts actually charged to citizens over the duration of the payback.

Capital Projects presented were as follows:

**FY 2018-19 Capital Request List**

Red = Capital Items Identified as Possible Elimination

**Street Department**

**Street Work (Paving)**

Satulah Road (top half)	\$60,000.00
Sunset Road	\$132,000.00

**Sub Total** **\$192,000.00**

**Repairs**

Oak Street Wall Replacement (Playhouse)	\$140,000.00
Sidewalk Repairs	\$30,000.00

**Sub Total** **\$170,000.00**

**Equipment**

Long Arm Mower	\$82,000.00
Skid Steer	\$60,000.00
Paving Roller	\$42,000.00
Bed Replacement 2008 International Dump	\$12,000.00

**Sub Total** **\$196,000.00**

**Total** **\$558,000.00**

**Utility Projects (Water)**

**Projects**

Buckhorn Water Tank & Pump Station (Project Ordinance) \$1,378,000.00

**Subtotal** **\$1,378,000.00**

**Equipment**

Purchase Spare Pump - Moorewood \$10,000.00

WTP Tile & Plumbing Repair \$20,000.00

WTP PLC Hardware Replacement \$72,000.00

WWTP Software Update \$110,000.00

WWTP UV Light Repair \$9,000.00

WWTP Replace Dump Truck Bed \$10,000.00

**Subtotal** **\$231,000.00**

**Total** **\$1,609,000.00**

**Electric Department**

N/A

**Sanitation**

N/A

**Police Department**

1 - Replacement Detective SUV \$38,000.00

1 - Vehicle Communications Equipment \$18,000.00

1 - Replacement SRO Vehicle – Camaro/Mustang \$25,000.00

1 - Vehicle Communications Equipment \$5,000.00

**Total** **\$86,000.00**

**MIS/GIS**

Replacement Jeep \$30,000.00

**Drone & Equipment** **\$23,000.00**

Exaquisition Server (required for new replacement cameras) \$16,000.00

**Total** **\$69,000.00**

**Parks and Recreation**

**Projects**

Community Bldg Floor Replacement	\$19,000.00
Community Bldg Interior Painting	\$19,000.00
Community Bldg Sign Replacement	\$12,000.00
Founders Park - 3 Additional Street Lights	\$16,000.00

**Sub Total** **\$66,000.00**

**Equipment**

Used Scissor Lift	\$8,500.00
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**Sub Total** **\$8,500.00**

**Total** **\$74,500.00**

**Administration**

Toyota Camry	\$23,000.00
Town Hall – Interior & Exterior Repairs / Paint	\$25,000.00

**Total** **\$48,000.00**

General Fund Departments	\$835,500.00
Water/Sewer Fund	\$1,609,000.00
<b><u>Grand Total</u></b>	<b><u>\$2,444,500.00</u></b> – 320,000 = <b>\$2,124,500</b>

No capital projects were discussed as being eliminated.

There were a few other minor questions asked in reference to the Scholarship Fund and ABC distributions along with a difference of \$400.00 being discussed in the Capital Projects Fund from this fiscal year to the next. The Scholarship disbursements were going to be looked into and the \$400.00 was a rounded number from \$1,377,600.00 to \$1,378,000.00.

As there were no further questions the meeting moved to adjournment.

5. Adjournment

Commissioner Dotson made a motion to adjourn the meeting, which was seconded by Commissioner Calloway and upon unanimous vote, the Town Board adjourned at 3:53pm.

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Patrick Taylor  
Mayor

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Rebecca R. Shuler, CMC, NCCMC  
Finance Director