

Regular Meeting Minutes of the Town of Highlands Board of Commissioners Meeting of May 16, 2019, at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina

Town Board Present: Commissioner John Dotson, Commissioner Amy Patterson, Mayor Pro Tempore 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, Police Chief Bill Harrell, Officer Thomas Parker, Parks & Recreation Director Lester Norris, Computer Support Specialist Mark Hall and Town Clerk Gibby Shaheen

1. Meeting Called to Order

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

2. Public Comment Period

Town Attorney Jay Coward thanked the Board on behalf of his family, himself and his brother for the donation made in honor of his mother to the Baptist Children's Home. Coward's mother served the Baptist Children's Home as a member of the Board of Directors for 2 terms totally 6 years.

3. Adjust and Approve the Agenda

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

4. Approval of the April 18th, 2019, Regular Meeting Minutes

Commissioner Patterson made a motion to approve the April 18th, 2019, regular meeting minutes as presented, which was seconded by Commissioner Dotson and the vote was unanimous.

5. Reports

A. Mayor

Mayor Taylor, Town Manager Josh Ward, Finance Director Rebecca Shuler and MIS/GIS Director Matt Shuler attended the Macon County Board of Commissioner meeting Tuesday, Matt Shuler did an outstanding job with the fiber presentation.

Mayor Taylor announced that he attended the League of Municipalities 2 day City Vision Meeting.

Mayor Taylor reminded the Blue Zone meeting for Highlands, Franklin, Sylva and Cashiers areas was on June 10, 2019.

Mayor Taylor reported the Public Safety Committee should be meeting regarding issues with 15 minute parking, speed limits and sales of products on public sidewalks.

B. Commissioners and Committee Reports

There were no commissioner or committee reports.

C. Town Manager

Town Manager Ward announced the Assistant Planning Director in training Michael Mathis would be starting Monday. Ward asked Public Works Director and Town Engineer Lamar Nix to report on the Water Treatment Plant filter repairs. Nix reported the filter repairs were complete and tested a few days and was ready to go online. Nix commended the Water Treatment Plant Operators for their hard work the past 2 months, working 15-17 hours a day, 7 days a week and alternating weekends to insure full operation.

Ward commended MIS/GIS Director Matt Shuler and Mayor Taylor for the presentation at the County Board meeting.

6. Consent Agenda

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

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

7. Hickory Hill Road Speed Limit Discussion

Mayor Pro Tempore Stiehler appreciated the Board's willingness to discuss Hickory Hill Road speed limit. Hickory Hill was a State Road and then the Town took it over. The road has blind curves and it is not well marked with only one sign of 25mph, and a lot of people walking. Mayor Pro Tempore Stiehler recommended and asked the speed limit on Hickory Hill Road change from 25mph to 15mph with adequate signage.

After discussion Mayor Taylor suggested the Public Safety Committee, Police Chief Harrell and Public Works Director and Town Engineer Lamar Nix to review speed limits throughout town and study as a whole and make a proposal to the Board, everyone agreed.

8. Planning Matters: Request Public Hearing Amendments to the Unified Development Ordinance Pertaining to Fences and Walls and Habitable Stories in Nonresidential Districts

- **Article 4 – Applications and Permits, Sec. 4.7 Zoning Certification, 4.7.4 Construction or Reconstruction of Fences**
- **Article 6 – Use Regulations, Sec. 6.3 Residential Uses, 6.3.3 Residential Accessory Uses and Structures**
- **Article 6 - Use Regulations, Sec. 6.5 Commercial Uses, 6.5.2 Fences and Walls**
- **Article 8. Dimensional and Density Standards, Sec. 8.1.2 Requirements and Exceptions, Sec. 8.2 Residential Development, Sec. 8.3 Nonresidential Developments, Sec. 8.3.1 Dimensional Requirements, Sec. 8.3.2 Floor Area Ratio**

Commissioner Patterson made a motion to schedule a public hearing for the approval of Unified Development Ordinance pertaining to Fences and Walls and Habitable Stories in Nonresidential Districts at the regular scheduled Board of Commissioner's meeting on June 20, 2019 at 7:00pm which was seconded by Commissioner Pierson, and the vote was unanimous.

9. Awarding of Aerial Fiber Construction Bid JBL Communications

MIS/GIS Director Matt Shuler presented the sole bidder JBL of Hendersonville, North Carolina Aerial Fiber Construction bid in the amount of \$4,397,559.59. The Contract allows 300 days and will begin with a requested meeting and Notice to Proceed.

Commissioner Patterson made a motion to approve and award the Aerial Fiber Network Bid as presented, which was seconded by Mayor Pro Tempore Stiehler and the vote was unanimous.

10. Approve Contract for Fiber Project Administration

MIS/GIS Director Matt Shuler discussed the Contract for the Fiber Project Administration with WideOpen Networks. The Contract is for \$139,735.00. After a very brief discussion, Finance Director Rebecca Shuler stated there may be a budget amendment for the difference between the original bid price and the Make Ready cost with Service Electric of approximately \$70,000 to cover these costs if they occur this fiscal year.

Commissioner Pierson made a motion to approve the Contract with WideOpen Networks at \$139,735.00 as presented, which was seconded by Commissioner Dotson and the vote was unanimous.

11. FY 2019-20 Budget Presentation

Town Manager Josh Ward presented the following:

TOWN OF HIGHLANDS FY 2019-20 BUDGET MESSAGE

May 16th, 2019

Mayor Patrick Taylor and Town Board of Commissioners
I am pleased to present the FY 2019-20 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 \$660,692.00 from undesignated General Fund Balance and \$1,495,670.00 from the electric reserve fund for a combined total of \$2,156,362.00.

These funds were used to offset capital project deficits within other departments.

The current General Fund Balance is approximately \$4,000,000.00
The current General Fund Reserve Balance is approximately \$3,800,000.00
The current Electric Reserve Fund Balance is approximately \$4,000,000.00

All other funds are self-supporting and require no outside fund transfers to operate, with the exception of the Sanitation Department.

Budget Highlights:

As presented, the overall FY 2019-20 Budget has revenues and expenditures totaling \$28,640,484.00.

The ad valorem tax rate remains at \$0.164 per \$100.00 valuation. The tax rate does include .015 earmarked for recreation capital projects, which is scheduled to sunset June 30th of 2020. The valuations are determined by the Macon & Jackson County Tax Departments. This rate is based on an approximate valuation of \$1,816,000,000 and an estimated collection rate of 98%.

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

The Highlands Volunteer Fire Department tax rate increases \$.02 to \$.03 per \$100.00 valuation. The increase will fund the construction of a new fire department main station.

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

The water and sewer rates are increased to balance the operational budget for the departments.

The water rates are increased effective July 1, 2019 as follows:

- Inside City Limits: Minimum Charge for Water Usage up to 2,500 gallons used, are increased from \$35 to \$37.
- Outside City Limits: Charges are double the Inside City Limit Rates.

The sewer rates automatically increase, according to the Town of Highlands Fee Schedule, to remain at 100% of the water rates inside city limits. Therefore, sewer rates also increase from \$35 to \$37, up to 2,500 gallons of water used.

Sewer rates outside city limits will remain double the inside city limit rates.

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

The proposed budget includes no increase to the employee health insurance premiums with MedCost.

TOTAL EXPENDITURES

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

General Fund	\$ 10,219,358.00
GF Capital Projects Fund	\$ 4,540,000.00
Scholarship Fund	\$ 60,000.00
Fire & Rescue Special Revenue Fund	\$ 1,089,864.00
Cemetery Fund	\$ 60,000.00
Water Enterprise Fund	\$ 1,932,630.00
Sewer Enterprise Fund	\$ 853,462.00
Capital Projects Fund	\$ 1,372,350.00
Sanitation Enterprise Fund	\$ 886,150.00
Electric Enterprise Fund	\$ 7,626,670.00
Total Expenditures	\$ 28,640,484.00

GENERAL FUND

Total expenditures for the FY 2019-20 General Fund Budget is \$10,219,358.00. These funds are split between the individual departments/funds as follows:

Governing Body	\$30,060.00
Administration	\$5,511,948.00
Planning/Zoning	\$91,450.00
MIS/GIS	\$492,250.00
MIS/GIS Fiber	\$149,550.00
Police Department	\$1,396,650.00
Street Department	\$1,370,950.00
Public Buildings	\$109,600.00
Parks and Recreation	\$762,350.00
Recreation-Pool	\$261,300.00
Recreation-Ice Rink	\$43,250.00
Total Expenditures	\$10,219,358.00

ENTERPRISE FUNDS

The Town of Highlands operates the following Enterprise Funds:

Water
Sewer
Sanitation
Electric

WATER FUND

Total expenditures for the FY 2019-20 Water Utility Enterprise Fund is \$1,932,630.00.

Total capital for the Water Utility Enterprise Fund is \$1,279,000.00 reflected within the Capital Projects Fund for the completion of the Buckhorn Water Tank Construction and the proposed Sagee Waterline Replacement Project.

The current Town of Highlands water rates will increase to balance the operational budget of the department.

SEWER FUND

Total expenditures for the FY 2019-20 Sewer Utility Enterprise Fund is \$853,462.00.

Total capital for the Sewer Utility Enterprise Fund is \$127,000.00
The current Town of Highlands sewer rates will increase.

ELECTRIC FUND

Total expenditures for the FY 2019-20 Electric Enterprise Fund is \$7,626,670.00.

In order to present a balanced budget across all funds, it was necessary to appropriate \$1,495,670.00 from the Electric Reserve Fund to offset capital project deficits, including the completion of the Buckhorn Water Tank Construction and the proposed Sagee Waterline Replacement Project.

The current Town of Highlands electric rates remain unchanged.

SANITATION FUND:

Total expenditures for the FY 2019-20 Sanitation Enterprise Fund is \$886,150.00.

The sanitation fund will require a \$166,150.00 transfer from the electric fund to cover operations and capital needs in FY 2019-20. The revenues should be monitored closely between now and next budget year to determine the amount of rate increase it will take to balance the fund for FY 2020-21.

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

SPECIAL REVENUE FUNDS

The FY 2019-20 Budget includes the following Special Revenue Funds:

General Fund Capital Projects
Fire Department
Capital Projects

GENERAL FUND CAPITAL PROJECTS FUND

Total expenditures for the FY 2019-20 General Fund Capital Projects Fund is \$4,540,000.00.

The Fund was created to manage the loan for the Aerial Fiber Project approved in FY 2018-19.

FIRE DEPARTMENT FUND

Total expenditures for the FY 2019-20 Fire Department Fund is \$1,089,864.00.

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.

The Highlands Volunteer Fire Department tax rate of will increase from \$.01 to \$.03 per \$100 valuation.

CAPITAL PROJECTS FUND

Total expenditures for the FY 2019-20 Capital Projects Fund is \$1,372,350.00 and includes the following fund transfers:

General Fund	\$15,698.00
Water Fund	\$20,685.00
Sewer Fund	\$56,967.00
Electric Fund	\$1,279,000.00

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). These funds are also allocated for the completion the Buckhorn Water Tank Replacement (\$403,000.00) and the proposed Sagee Waterline Replacement (\$876,000.00).

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 with the exception of the Sanitation Department, all Enterprise Funds are stable and covering their operating costs.

As described above, the Town is proposing the use of a significant amount of undesignated general fund reserves in the FY 2019-20 budget. The appropriations will fund capital needs within the departments of Recreation, Streets, MIS/GIS and Police.

The Electric Fund is stable and continues to provide substantial capital necessary to offset capital project costs in other departments. As with all Town utilities, the electric fund revenue should be monitored closely each year, as Duke Energy continues to increase wholesale rates.

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 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 Patterson made a motion to schedule a public hearing for the approval of the FY 2019-20 Budget at the regular scheduled Board of Commissioner's meeting on June 20, 2019 at 7:00pm which was seconded by Commissioner Pierson, and the vote was unanimous.

12. Adjournment

As there were no further matters to come before the Board of Commissioners, Commissioner Dotson moved to adjourn which was seconded by Commissioner Pierson and upon a unanimous vote, the Town Board adjourned at 8:05pm.

Patrick Taylor
Mayor

Gilberta B. Shaheen
Town Clerk