

Special Meeting Minutes of the Town Board of Commissioners Meeting of April 26, 2012 at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina.

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

Also Present: Town Manager Robert Frye, Town Clerk Rebecca Shuler, Recreation Director Lester Norris, Accounting Supervisor Chuck Young, Police Chief Bill Harrell, MIS/GIS Director Matt Shuler, Planning and Development Director David Clabo, Public Works Director Lamar Nix.

1. Meeting Called to Order

Mayor Wilkes called the meeting to order at 2:59pm.

2. Adjust and Approve Agenda

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

3. Preliminary FY 2012-13 Revenues and Expenditures

Town Manager Frye presented the Board with two similar worksheets outlining preliminary revenues and expenditures for FY 2012-13. Worksheet one presented expenditures and revenue estimates by individual department and gave a break down on whether or not the individual department or fund would be projected to operate without additional fund transfers.

Worksheet two presented the same expenditure and revenue estimates as worksheet one, but included all capital item requests and their effects on the individual department or fund's ability to operate without additional fund transfers.

In both cases, the expenditure figures are based on the current year's budget and the assumption that the individual budget line items will be 100% expended. The included revenue estimates are based on what was actually generated over the last several budget years.

4. Initial Budget Assumptions for FY 2012-13

Additionally, both sets of expenditures and revenue estimates included a series of further assumptions that include:

Sewer Fee Adjustments:

As discussed during the retreat earlier this year, Staff has looked at adjusting the sewer charges to bring them in line with what is charged for water (from 80% to 100% of the charge of water). Doing this will generate an additional \$118,000.00 per year in revenue.

Electric Rate Adjustments:

To keep in line with the increase the town knows will be coming from Duke Energy in January of 2013; the electric rates will need to be increased by 6%. In order to incorporate this increase into the rate structure for the coming budget year, staff needs to include the January increase into the revenue estimates for the entire year.

A 6% rate increase in January is reflected in the overall revenue estimate as a 3% increase for the entire year and will enable us to continue to decrease the amount of fund balance transfer required to keep the fund operational.

Sanitation Fee Adjustments:

In order to make the Sanitation Fund self-sufficient, a fee adjustment of 15% will be required. Such an increase will generate an additional \$86,896.00 in revenue and allow the Sanitation fund to operate with no additional fund transfers.

COLA:

A 3% across the board COLA is included for all employees.

Employee Insurance Benefits:

Current staff assumption is that town employee insurance costs will increase by approximately 10% for the coming budget year. This could vary by as much as 2-3% up or down, depending on the final negotiations with our insurance carrier.

Fuel Costs:

Staff is working on the assumption that fuel costs may rise by as much as 50% in the coming year. As we refine the individual departmental budgets, staff will look at fuel needs and adjust accordingly.

Non-Profit Funding Allocations:

Non-Profit Funding Allocation estimated at \$50,000.00. For the purposes of initial budget discussions, Manager Frye looked at what the town funded in regards to non-profits in years past and settled on a figure somewhere in the middle.

5. FY 2012-13 Capital Requests

Manager Frye presented the Board with the following FY 2012-13 Capital Requests.

FY 2012-13 Capital Requests

Water Department

Emergency Generator	\$75,000.00
Water System Hydraulic Study	\$20,000.00
Pump Station Roof Repair	<u>\$20,000.00</u>
Total	\$115,000.00

Water Distribution

Filter Media Rehab/Replacement	\$460,000.00
Gas Generation System	<u>\$613,000.00</u>
Total	\$1,073,000.00

Street Department

Replacement Dump Truck	\$110,000.00
Street Work (Paving)	
OEI	\$66,000.00
Little Bear Pen Road	\$76,000.00
Wahoo Road	\$28,000.00
Mt. Lori Road	<u>\$69,000.00</u>
Total	\$239,000.00

Chowan Repair*	\$300,000.00
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	Total	\$649,000.00
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Sanitation Department

Replacement Garbage Truck	Total	\$120,000.00
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Electrical Department

4x4 Service Bucket Truck		\$115,000.00
Radio Read Meter (Spare)		\$10,000.00

	Total	\$125,000.00
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Recreation Department

4x4 Pickup Truck		\$30,000.00
Handicapped Lift System for Pool		\$5,500.00

	Total	\$35,500.00
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MIS/GIS

Fiber Optic to Water and Sewer Plants		\$35,000.00
Reconfigure Services for Reliability/Virtualization		\$12,000.00
Replacement Equipment		
Servers x2		\$12,000.00
PC x3		\$4,000.00
NAS		\$6,000.00

	Total	\$69,000.00
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	Grand Total	\$2,186,500.00
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There was discussion as to top priorities on the Capital Request list being the Water Plant Filter Media Rehab/Replacement and the Chowan Drive Repair.

The Board had further discussions on the following capital requests from the list: the importance of the Emergency Generators for the Little Bear Pen water pumping station, the Water System Hydraulic Study, OEI (Spring St), Radio Read Meter (spare), replacement of town vehicles, handicap lift system for the Highlands pool, Fiber Optics to the Water and Sewer Plants, and Reconfigure Services for Reliability/Virtualization.

Mayor Pro Tempore Drake questioned Public Works Director Nix on the necessity of the Electric Department’s Bucket Truck. Public Works Director Nix stated the truck had aged out.

Mayor Pro Tempore Drake questioned the connection between the Fiber Optics to the Water and Sewer Plants and the Main Street Fiber Optics. MIS/GIS Director Shuler explained this was the main backbone to hook up downtown. The price includes Lamar’s crews pulling the fiber. Drake inquired to the completion date and Shuler said they were looking at somewhere close to a year.

Commissioner Patterson then questioned what Reconfigure Services for Reliability/Virtualization consisted of. MIS/GIS Director Shuler explained it was time to replace the servers and with the purchase of new servers it would allow the town to utilize the older servers to be virtualized and clustered. This process would allow the

town to have immediate back up if the town were to have a down time. Commissioner Patterson stated she felt it was more beneficial to look at the emergency generators rather than the two day delay of getting people their bills. Mayor Wilkes said he felt it was an investment for new servers and would serve as a backup as well.

6. Discussion: Parks and Recreation

Over the past several years, as with most Town departments, the Parks and Recreation Department's budget has continued to increase. Again, as with most Town departments, the Parks and Recreation Departments revenues have not kept pace with its expenditures. Unfortunately, unlike other stand-alone enterprise funds, the Parks and Recreation Fund, as it now exists, will never be able to generate sufficient revenue to meet its existing program commitments. Given the nature of Parks and Recreation, the town will find itself having to transfer some amount of additional funds into the Parks and Recreation Department. That being said, the Board needs to be aware of the situation and of the amount of fund transfer it will require in the upcoming year's budget (approximately \$186,000.00) to fully fund Parks and Recreation at its current operating levels. As such, something that the Board might wish to consider would be placing a cap on fund transfers into the Parks and Recreation Fund. As to just what level such a cap should be placed at, further discussion between Council and staff needs to take place before that decision could be made.

Commissioner Patterson stated the town may want to consider cutting Zachary Field funding. Commissioner Dotson questioned what the costs for maintenance at Zachary Field consisted of. Parks and Recreation Director Norris stated they clean the restrooms, change the trash, and maintain the field. Commissioner Patterson stated it could be a negotiation point with the County.

7. Discussion: Building Leases

Manager Frye addressed the Board as to the request from the Highlands Playhouse for assistance of \$7,500 for a HVAC system and previous discussions on the town owned building leases with the possibility of amending the leases to remove the current inequalities between the various leases and to discuss how to better address the maintenance needs of these various buildings.

After much discussion on this topic, the board decided to look at developing a uniform lease for all town owned buildings and to discuss the Playhouse request at the May 3, 2012 Regular Board of Commissioner's Meeting.

8. Adjournment

As there were no further matters to come before the Board of Commissioners, Mayor Pro Tempore Drake moved to adjourn, which was seconded by Commissioner Stiehler and upon unanimous vote, the Town Board adjourned at 4:46pm.

David Wilkes
Mayor

Rebecca R. Shuler
Town Clerk