

SPECIAL BOARD MEETING of May 28, 2003, with Mayor Buck Trott and Commissioners H. N. James, Ron Sanders, Hank Ross, Mike Cavender, and Amy Patterson present.

Also present were Richard Betz, Lamar Nix, and Kim Lewicki.

#### I. Call to Order.

The Mayor called the Special Board Meeting to order at 7:00 p.m. The meeting had been moved to the Highlands Civic Center due a conflict in use of the Town Hall Conference Room; proper notice had been provided. He stated that the purpose of the meeting was presentation and discussion of the FY 03-04 Budget.

#### II. Business.

Each Board member had received a copy of the FY 03-04 Budget, Budget Ordinance, and Budget Message. The Town Administrator proceeded to review the Budget Message in detail.

He said that the primary capital improvement project for the next two years was the Wastewater Treatment Plant Expansion; the budget called for \$1.3 million this year and \$3.4 next year, with funding mostly from capital reserves. To date, the Town had spent almost \$120,000 on the project since the Board first asked W. K. Dickson to begin preparing plans over three years ago; an Environmental Assessment and Alternatives Analysis had been prepared, a public meeting had been conducted, and preliminary engineering design had been submitted. The State had accepted the request for the 1.5 MGD capacity rather than 1.0 MGD, and had set the discharge limits accordingly, which was good news due to the savings in cost of scale, more economical use of limited space at the site, and increasingly difficult and time consuming permitting process. All of the State agencies had sent in comments except one, and the Town expected that the State would issue the FONSI (Finding Of No Significant Impact) any day, followed by authorization to construct. The timetable was to complete the design this summer and fall, advertize for bids, and award a contract early next Spring; construction would be underway next year at this time. He said that he had heard several comments at the table over the past few months, most recently last week, concerning the population figures that W. K. Dickson had used in the Preliminary Engineering Report (PER) and raising some questions about the capacity or whether the expansion was even needed. He pointed out that the Town had already made a significant investment at this point and was ready to proceed this budget year; if there was any question about not moving forward, he thought this would be the appropriate time to discuss it.

The Board discussed the issue at length. Comm. Cavender said that he thought the project should be placed in the budget, but that he was not prepared to release it until there had been some clarification of the demographics. He thought that the Dickson study had a lot of flaws, and that it was important to have it reviewed by an unbiased, professional organization that did not stand to make a profit by it. He said that he did not have a problem with the 1.5 MGD capacity, just with the flawed demographics, which made him question whether the Town needed the expansion, but obviously the Board did not share his views.

The Town Administrator suggested that perhaps another engineering firm might be better qualified than a marketing firm like Marketek to review the PER. Comm. Sanders felt that W. K. Dickson had always done a good job for the Town. He wondered if the Town would ever get a permit years down the road if it did not go forward with the full expansion now.

Comm. James agreed that Dickson had done a good job in the past, was familiar with the Town, and had been involved in planning for the project long before three years ago. He thought that if a population study came up with figures that were very different, he

would be surprised; any engineer would come up with the same figures.

Comm. Ross said that the idea of the study was not only to confirm the WWTP capacity, but also to provide information that would be the basis for helping to make decisions.

The Mayor thought that it would be good to have a demographics study, but suggested that it cover the entire County. However, he pointed out that the Town was well down the road on this project and felt it should move forward.

The Town Administrator then reviewed the Hospital Water Line Project and the funding sources, which relied on three grants, a contribution from the Hospital, and \$101,300 from the Town, which it had been agreed would be provided only if reimbursed with "new money" pursuant to the requested extension of the Macon County Water/Sewer Agreement, i.e., beyond the FY 03-04 withdrawal.

He then reviewed the Holt Knob Water System Improvement; the cost estimate provided by Lofquist & Associates was \$927,900, and the project had been identified in the budget but no funds had been budgeted. Lamar Nix said that the project would provide a 10" water line and fire protection to Holt Circle, Lucerne Drive, and most of Zermatt Circle, but still failed to provide it to the top of Holt Knob. He had discussed the project with Victor Lofquist, and some pressures had field tested higher than the computer model due to a conflict in elevation; when the model had been recalibrated, he would be able to provide a revised estimate. Comm. James suggested that the water line to a hydrant on Zermatt Circle could be constructed, perhaps as Phase I, and after some discussion Mr. Nix agreed to obtain this estimate by the June 4 Board meeting.

The Town administrator then proceeded to review the rest of the Budget Message, including the following:

- Analysis of Fund Balances, including the \$683,604 appropriation from the General Fund capital reserves needed as a result of loss of sales tax revenues, State reimbursements (to be partially replaced with the 7-cent Sales Tax), and lower interest rates, as well as higher expenditures in several areas.
- Discussion of Macon County revenues; he understood the County was still discussing extension of the \$300,000/year Water/Sewer agreement beyond the FY 03-04 appropriation due July 1, 2003, and had decided to only budget \$150,000 for Recreation.
- Discussion of Chamber of Commerce and Jackson County budget requests; Chamber Officials would be meeting with the Finance Committee the following day at 5:00 p.m.
- The tax rate, which the Finance Committee had initially recommended be reduced from \$0.18/\$100 valuation to \$0.13, but had reconsidered at its last meeting due to the General Fund shortfall; every cent generated about \$100,000 in revenues.
- Utility rates: the Committee was considering possible increases in water and solid waste rates due to failure of revenues to meet operating expenses in both departments. He had learned earlier in the day that the County tipping fee was being reduced from \$51/ton to \$43/ton, a savings of \$15,000.
- Other major expenditures, included in the budget but reconsidered by the Finance Committee, including \$50,000 for sidewalks and \$75,000 for clearing land at the Cemetery. The consensus was that the Cemetery clearing could be placed in the Capital Improvement Program for next year.
- Local budget requests, including \$12,000 for the Hudson Library, \$20,000 for the Peggy Crosby Center (\$30,000 requested), and \$15,000 for the Highlands Historical Society; the budget request of \$10,000 from the Highlands Biological Station had been denied.

• Health Insurance, which had increased 27%; individual premiums were increasing \$65/month, family premiums \$206, with the Town continuing to pay 100% of the monthly premium at an additional cost of \$294,000 per year. The consensus was that the value of this benefit should be clearly conveyed to all employees.

• A cost of living allowance of 3% for all employees, plus merit and longevity increases to be discussed in Closed Session.

MOVED BY COMM. ROSS, SECONDED BY COMM. CAVENDER, AND UNANIMOUSLY CARRIED TO GO INTO CLOSED SESSION PURSUANT TO G. S. §143-318.11(A)(6) TO REVIEW INDIVIDUAL SALARIES. All present left the room except the Clerk and the Public Services Administrator.

The Board reviewed the salary recommendations made by the Town Administrator.

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

MOVED BY COMM. JAMES, SECONDED BY COMM. PATTERSON, AND UNANIMOUSLY CARRIED TO APPROVE A 3% COST OF LIVING INCREASE FOR ALL EMPLOYEES, PLUS THE FOLLOWING INDIVIDUAL SALARY INCREASES PRESENTED IN CLOSED SESSION:

<u>Employee</u>	<u>New Grade-Step</u>
Richard Betz	Halfway Between 25-13 & 25-14
Hilda Brown	15-3
Gail Reese	12-4
Willie Houston	16-4
Wade Wilson	16-8
Kevin Waller	12-4
Jimmy Mull	14-4
Leroy McCall	15-13
Larry Holt	14-4
Matt Shuler	13-7
David Kennemore	7-5
Mike Houston	16-13

III. There being no further business to come before the Board, the meeting was declared adjourned by the Mayor at 8:50 p.m.

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Richard Betz, Town Clerk