Special Meeting Minutes of the Town Board of Commissioners Meeting of April 25, 2013 at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina.

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

Also Present: Town Manager Robert Frye, Town Clerk Rebecca Shuler, Parks and Recreation Director Lester Norris, Assistant Fire Chief Robbie Forrester, MIS/GIS Director Matt Shuler, Public Works Director Lamar Nix, Human Resources Director Sonjia Gibson, Finance Director Chuck Young and Planning and Development Director David Clabo.

Not Present: Commissioner Amy Patterson

1. Meeting Called to Order

Mayor Wilkes called the meeting to order at 2:57pm.

2. Adjust and Approve Agenda

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

3. Initial Budget Assumptions for FY2013-14

Manager Frye went over the following initial budget assumptions he had used in putting together the preliminary budget figures.

Tax/Fee Increases

No tax or fee increases in the current FY 2013-14 budget.

COLA

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

Employee Insurance Benefits:

Two insurance options were presented to the employees for consideration.

Option A: 100% employee coverage; no dependent coverage; 20/80 split on the deductible (\$2000.00 employee \$8000.00 town)

Option B: 100% employee coverage; 50% dependent coverage; 50/50 split on the deductible (\$5000.00 employee \$5000.00 town)

59 ballots were cast with 26 for Option A and 33 for Option B. Option B is currently included in the preliminary budget figures.

Non-Profit Funding Allocation:

For the purposes of initial budget discussions, the Finance Committee is proposing the same level of funding (\$15,000.00) be included in the preliminary budget figures.

Electric Rate Transfers:

At this time no transfers from the electric fund are planned.

4. Preliminary FY2013-14 Revenues and Expenditures

Manager Frye presented a worksheet showing projected revenues and expenditures by individual funds. The information was broken out by individual funds to show whether or not the funds are projected to operate without any additional fund transfers.

Grand Totals	12,172,835.00	12,716,636.00	(543,801.00
	4,800,000.00	4,562,790.00	237,210.00
Fund Balance Appropriated			
Electric Fund	4,800,000.00	4,562,790.00	
Electric Fund:			
Sanitation Fund	579,301.00	588,432.00	(9,131.00
Capital Projects Fund	158,140.00	158,140.00	
Fund Balance Appropriated	603,000.00	620,414.00	(17,414.00
	003,000.00	020,414.00	
Sewer Fund: Sewer Fund	603,000.00	620,414.00	
Water Fund	1,405,000.00	1,635,861.00	(230,861.00
Cemetery Fund	126,200.00	126,200.00	
Recreation Fund	758,000.00	1,056,077.00	(298,077.00
	1000		
Fund Balance Appropriated			
Fire Department			
Fire Department:			
Fund Balance Appropriated	37,700.00 37,700.00	37,700.00	
Scholarship Fund	27 700 00	37,700.00	
Scholarship Fund:	14.55	37,700.00	
	3,705,494.00	3,931,022.00	(225,528.00
Public Buildings	3,705,494.00	3,931,022.00	(225,528.00
Street		999,241.00 30,500.00	
Police		1,182,795.00	
MIS/GIS		549,927.00	
Planning/Zoning/Economic Development		204,188.00	
Administration		929,773.00	
Governing Body		34,598.00	
Fund Balance Appropriated			
General Fund	3,705,494.00		
General Fund:			
Account Name	Revenues	Expenditures	Difference
	FY 2013-14	FY 2013-14	
Option B Health Insurance			
All Funds Summary FY 2013-14			
FY 2013-14 Budget Worksheet			
Town of Highlands			

A. Fire Department Budget

A		В	C	D	E	F	G	Н
1 Highlands								
2						FY 12-13		
3		FY 11-12		FY 12-13		ACTUAL TO		FY 13-14
4 REVENUES		ACTUAL		BUDGET		3/31/2013		REQUEST
5 County Fire Tax		329,169		339,834		353,927		343,300
6 Contributions from To	wn/County	22,126		22,000		25,644		25,000
7 Fundraisers/donations	3	35,105		10,000		17,601		7,000
8 Grants		54,881						
9 Interest earnings		1,745				474		
10 Miscellaneous Revenue	2S	13,645				4,273		
11 Fund balance appropri	ated			166,881				
12 TOTALS		456,671		538,715		401,919		375,300
13								
14								
15								
16								
17								
18								
19								
20 Calculation of County F	ire Tax:							
21 Assessed valuation								
22 3	,995,044,762							
23 Tax rate								
24	0.009							
25 Prior Year's Collection	%							
26	95.49%	1						
27 Budgeted County Fire	Гах							
28	343,338							
29		7						
30								
31								
32								
33								
34								
35								
36						2 1		
37								

touch to see the second				FY 12-13	
	FY 11-12	FY 12-13		ACTUAL TO	FY 13-14
EXPENDITURES	ACTUAL	BUDGET		3/31/2013	REQUEST
Salaries - Full-time	71,099	70,500		51.181	75,000
Salaries - Part-time	15,458	15,500		12,420	17,000
Overtime	13,430	13,300		2,193	5,000
Fire Call Payments	43,170	50,000		18,615	50,000
FICA	9,782	10,500		6,353	11,500
Retirement	7,591	7,500		5,721	7,500
401K	7,591	7,500		3,721	7,500
Health Insurance	27,939	24,000		21,496	32,000
Health Insurance Unemployment Tax	1,123	1.100		1,701	1,800
	8,112	8,500		5,170	8,000
Workers Compensation Insurance	18,973	20,000	*	19,718	21,000
Property/Liability Insurance				2,023	6,000
Training	2,745	6,000			9,000
Uniforms/Turn-out Gear	15,304	58,881		53,466	
Office Supplies	40406	42.000		1,400	2,000
Operating Supplies	10,196	13,000		2,097	10,000
Dues & Subscriptions	17.000	47.000		600	1,000
Miscellaneous Expenses	15,800	15,000		11,052	15,000
Telephone/Internet	2,946	3,000		2,218	3,000
Utilities (Electric, Water, Sewer)	5,000	6,000		6,000	6,500
Heating Fuel	2,641	6,000		1,910	6,000
Gasoline/Diesel/Lubricants for Vehicles	7,183	11,000		4,232	12,000
Repairs & Maintenance - Vehicles	9,999	12,000		1,152	12,000
Repairs & Maintenance - Equipment	7,415	7,000		7,409	8,000
Repairs & Maintenance - Buildings	16,568	10,000		876	10,000
Non-capital equipment (less than \$5,000)	89,734	1,000		1,028	4,000
Capital equipment (more than \$5,000)	5,229	130,000		112,698	27,000
Capital improvements (more than \$5,000)	2,775	25,000		10,657	15,000
Loan payments	101,943	1			
Contingency		27,234			
TOTALS	498,724	538,715		363,386	375.300

Commissioner Drake asked about the Employee Insurance for the Fire Department and how it compared to the Town's coverage. He was informed that the Fire Department has the same insurance as all other Town Departments.

Commissioner Stiehler questioned the Jackson County fire tax and the letters that are sent out annually by our Department to the homeowners.

B. Cemetery Fund

Manager Frye told the Board it is proposed to transfer \$85,000.00 out of the Cemetery Perpetual Care Fund to cover the proposed upgrades to the cemetery.

C. Scholarship Fund

Funding remains equivalent to the FY12-13 funding level.

D. Parks and Recreation

The Parks and Recreation Department is currently a standalone special revenue fund. Given that all Departmental deficits are supported out of the General Fund and that as a rule, Parks and Recreation Departments are set up to operate as an enterprise fund, Manager Frye would like to discuss placing this department back under the General Fund.

5. FY2013-14 Capital Requests

Manager Frye presented the following FY 2013-14 Capital Projects list. Items shown in black are recommended for inclusion in the upcoming budget, items in red would not be included and items in blue may or may not be included depending on overall amount of needed capital funding to balance the overall budget.

Water Treatment/Distribution

Onsite Gas Generation

Project Cost

\$690,000.00

Wastewater Treatment

Treatment Plant Storage Tank Rehab (1 Arnold Road Pump Station Rehab	tank)	\$62,000.00 \$20,000.00
Street Department	Total	\$82,000.00
Street Work (Paving)		
Memorial Drive		\$54,000.00
Oak Street Satulah		\$40,000.00 \$104,000.00
	Sub Total Sub Total	\$54,000.00 \$144,000.00
Street Work (Repair)		
Chowan Satulah		\$150,000.00 \$30,400.00
	Sub Total	\$180,400.00
Equipment		
Replacement Street Sweeper Replacement Back Hoe		\$57,000.00 \$82,000.00
	Sub Total	\$139,000.00
Sidewalks		
Main Street (Oak Street to First Street) Police Department Sidewalk/Retaining	Wall	\$115,000.00 \$90,000.00
	Sub Total	\$205,000.00
	Total <i>Total</i>	\$398,000.00 <i>\$722,400.00</i>
Sanitation Department		
Replacement Dumpsters/Dumpster Lid	s Total	\$23,000.00
Water Department		
Waterline Repair/Replacements Big Bear Pen		\$200,000.00
NC 28 Water Line	Project Cost	\$500,000.00
Eminora	Sub Total	\$700,000.00
Equipment Replacement Service Truck		\$55,000.00
	Total Total Total	\$55,000.00 \$255,000.00 \$755,000.00

Police Department

	Total	\$65,000.00		
MIS/GIS				
Fiber Optic Backbone Project (Equ	uipment Building)	\$100,000.00		
Fiber Optic Backbone Project (First	st Node)	\$140,000.00		
Water Intake Communications Up	ograde	\$24,000.00		
Community Building Generator Co	onnection	\$10,000.00		
GPS Units		\$20,000.00		
Ground Penetrating Radar		\$14,000.00		
	Total	\$308,000.00		
Parks and Recreation				
Civic Center Upgrades				
HVAC Upgrade		\$144,975.00		
Exterior Door Replacement		\$54,696.00		
Refurbish Main Level Bathrooms		\$60,000.00		
Refurbish Lobby Area		\$5,116.00		
Pool Replacement (50/50 split with	th County)	\$225,000.00		
	Sub Total	\$424,671.00		
	Sub Total	<i>\$489,787.00</i>		
Equipment				
Replacement Pickup Truck		\$30,000.00		
	Total	\$424,671.00		
	Total	\$519,787.00		
	a 1m.1			

After the Capital Requests were presented there was miscellaneous discussion on various topics.

Commissioner Drake said he didn't see us getting all the money to do the Water Plant onsite gas generation project this year. Public Works Director Nix was asked to bring more information on the difference between onsite gas versus bleach. Mayor Pro Tempore Pierson said he would like to see the Town set an amount aside for the project.

Grand Total

Grand Total

\$1,555,671.00

\$3,234,187.00

There was some discussion as to water tank rehab and getting the tanks on a maintenance plan so that the Town can work on at least one tank a year.

There was a brief discussion on street projects.

Public Works Director Nix asked that if the equipment were to be cut to remove the backhoe and leave the street sweeper in the budget.

There was a brief discussion on the 20 something odd dumpsters that needed lid replacements and that the Town did currently have a test model at the Citgo station.

There was discussion as to the Big Bear Pen water line really needing to be replaced as the line freezes almost annually, but unfortunately this project is going to be very expensive and the Town finds itself in a hard financial situation. There was discussion of grants to help fund this project.

Commissioner Drake questioned the Police Department vehicle replacements.

MIS/GIS Director Shuler discussed the Fiber Backbone project and what it entailed and another option of a wireless system he had just learned some about at a recent seminar. Shuler also discussed the GPR and GPS units his department is requesting.

Mayor Wilkes questioned the \$10,000 for the generator at Community Building. Shuler stated the generator was already connected and this was just the cost of the transfer switch.

The Parks and Recreation Department HVAC was discussed and the replacement of the exterior doors.

The Pool Replacement was discussed and a 50/50 option with the County was to be discussed on May 20th at the County Board of Commissioners meeting.

The weight room item that had been table at the April 18th regular Board of Commissioners' meeting was discussed and the following proposal was presented. Suggested pre-paid membership schedule for the purpose of raising money to refurbish existing weight room. These are single memberships not family.

\$500 4 year membership

\$750 6 year membership

\$1000 8 year membership

\$2000 lifetime membership

Commissioner Stiehler moved to approve the membership proposal and the Town matching a contribution of up to \$7,000.00. The motion was seconded by Commissioner Drake and the vote was unanimous.

Manager Frye mentioned the \$15,000 set aside for non-profits this year and also the \$20,000 set aside for continuation of the wayfinding project from the last fiscal year.

Commissioner Dotson said he would like to see the Town save a few bucks and cut out the salary study. He stated if we are doing a 3% COLA why would we do consider a study. Manager Frye said he felt it would put to rest the questions of whether the employees were under or over paid, but he agreed that it would save the Town \$12,000. Commissioner Drake also agreed with Commissioner Dotson that the Town should pull the study off the budget for this year.

Commissioner Drake then questioned where the 3% cost of living came from. Manager Frye informed Drake that 3% was a standard number. Commissioner Stiehler stated he was comfortable with the 3%. Commissioner Drake said to leave it for not but he would like to leave it open for discussion at a future work session.

6. Discussion: Insurance Recommendation

Two insurance options were presented to the employees for consideration.

Option A: 100% employee coverage; no dependent coverage; 20/80 split on the deductible (\$2000.00 employee \$8000.00 town)

Cost savings to town: \$307,000.00

Option B: 100% employee coverage; 50% dependent coverage; 50/50 split on the deductible (\$5000.00 employee \$5000.00 town)

Cost savings to town: \$233,000.00

59 ballots were cast and there were 26 for Option A and 33 for Option B. There was brief discussion as to why the employees chose Option B. Commissioner Stiehler made a motion to approve Option B as the FY13-14 Insurance plan for Town of Highlands employees. Commissioner Dotson seconded the motion and the vote was unanimous.

7. Discussion: Non-Profit Utilities

Commissioner Stiehler said he thought the Board need to look at non-profit quasi-government entities in town owned buildings or entities that benefit the Town in great ways and consider helping them with their utilities. Stiehler then mentioned the Chamber of Commerce, the Highlands Playhouse and the Highlands ABC Store. Commissioner Pierson questioned the Fire Department. There was a brief discussion as to whether or not the Fire Department pays a power bill and it was determined they pay for a interfund transfer annual just as anything other Town department. Commissioner Stiehler made a motion to waive utility fees for the Chamber of Commerce, the Highlands Playhouse, and the Highlands ABC Store effective on the billing cycle in July. Commissioner Drake seconded the motion and the vote was 3 to 1. Commissioner Dotson voted nay.

8. Adjournment

As there were no further matters to come before the Board of Commissioners, Commissioner Stiehler moved to adjourn, which was seconded by Commissioner Drake and upon unanimous vote, the Town Board adjourned at4:35 pm.

W. David Wilkes	Rebecca R. Shuler, CMC, NCCMC
Mayor	Town Clerk