

Regular Meeting Minutes of the Town Board of Commissioners Meeting of May 23, 2013 at the Highlands Community Building, 71 Poplar Street, Highlands, North Carolina.

Town Board Present: Commissioner John Dotson, Commissioner Amy Patterson, 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, Town Attorney Bill Coward, Parks and Recreation Director Lester Norris, MIS/GIS Director Matt Shuler, Public Works Director Lamar Nix and Interim Planning and Development Director Josh Ward.

1. Meeting Called to Order

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

2. Public Comment Period

Susie Schiffli of White Oak Realty and Judy Michaud of Mountain Meadow Realty discussed the parking restrictions on Church Street.

3. Adjust and Approve Agenda

Manager Frye informed the Board that Attorney Coward wanted to add a Closed Session for Attorney-Client Privilege. Frye also told the Board that Commissioner Stiehler wanted to add an item between items 12 and 13 to discuss an off premise directional sign on Arnold Road.

Commissioner Patterson made a motion to approve the agenda with the before mentioned corrections. The motion was seconded by Mayor Pro Tempore Pierson and the vote was unanimous.

4. Approval of Minutes

Regular Meeting Minutes of April 18, 2013

Commissioner Stiehler made a motion to approve the regular meeting minutes of April 18, 2013 as presented, which was seconded by Commissioner Patterson and the vote was unanimous.

Special Meeting Minutes of April 25, 2013

Commissioner Drake made a motion to approve the special meeting minutes of April 25, 2013 as presented, which was seconded by Commissioner Stiehler and the vote was unanimous.

Special Meeting Minutes of May 9, 2013

Commissioner Patterson made a motion to approve the special meeting minutes of May 9, 2013 as presented, which was seconded by Commissioner Drake and the vote was unanimous.

Special Meeting Minutes of May 16, 2013

Commissioner Stiehler made a motion to approve the special meeting minutes of May 16, 2013 as presented, which was seconded by Mayor Pro Tempore Pierson and the vote was unanimous.

5. Reports

A. Mayor

No mayoral reports.

B. Commissioners & Committees

Commissioner Stiehler mentioned that the Scholarship Golf Classic Tournament was scheduled for the 13th of June and also thanked the mayor for the successful fishing tournament which benefits the scholarship fund as well.

C. Town Manager

No managerial reports.

6. Consent Agenda

Public Works Department
Police Department
Parks & Recreation Department
Planning & Development Department
Treasurer's Report
PARTF Resolution of Support
CWTF Resolution of Support
2013-14 Scholarship Recipients

Commissioner Patterson had one question for Interim Planning and Development Director Ward as to the results from the water samples that had been collected early in the month as noted in his report.

Commissioner Stiehler moved to approve the Consent Agenda, which was seconded by Mayor Pro Tempore Pierson and the vote was unanimous.

7. Public Hearing: Street Closure: Portion of 5th Street Right of Way

A. Open Public Hearing

Commissioner Drake made a motion to open the public hearing for Street Closure: Portion of 5th Street Right of Way at 7:10pm which was seconded by Commissioner Stiehler and the vote was unanimous.

B. Staff Comments/Recommendation

Manager Frye informed that in order to transfer the property to be used as an interment garden for the Presbyterian Church a public hearing had to be held. Though technically a road closure, the Town is not closing or changing any part of the existing 5th Street.

Town Attorney Coward mentioned the plats and deeds that had been drawn up by the Church's Attorney.

Commissioner Drake wanted it to be on record that there was nothing to be done to the time capsule on that piece of property.

C. Public Comments

There were no public comments.

D. Close Public Hearing

As there were no further public comments, Commissioner Patterson made a motion to close the public hearing, which was seconded by Commissioner Drake and upon a unanimous vote the Public Hearing was closed at 7:14 pm.

E. Council Action

Commissioner Stiehler made a motion that the Order Declaring the Closing of a Portion of Fifth Street and the transfer to the piece of property to be used for an interment garden by the Presbyterian be approved. The Motion was seconded by Commissioner Patterson.

Mayor Pro Tempore Pierson wanted to note to the Board the need to be cautious of giving up right of ways and property in the future.

The vote was unanimous.

ORDER DECLARING THE CLOSING OF A PORTION OF FIFTH STREET
Order No. 2013-01-Closing

WHEREAS, the Town of Highlands Board of Commissioners received a request to permanently close the following section of 5th Street:

The portion under consideration is shown on the plat dated April 11, 2013 and entitled "Location Survey First Presbyterian Church of Highlands" being drawing number 5138-ASB by Sprinkle Surveying, P.A., and being incorporated herein by reference;

WHEREAS, on April 18, 2013, the Town of Highlands Board of Commissioners adopted a resolution declaring its intent to consider closing said street and set a public hearing on the issue for May 23, 2013, all in accordance with North Carolina General Statute 160A-299; and

WHEREAS, notice of the proposed closing and public hearing were prominently posted in two places along said street; and

WHEREAS, a copy of the resolution was sent certified mail to each owner as shown on the county tax records of property adjoining said street who did not join in the request; and

WHEREAS, notice of the public hearing set by the Town of Highlands Board of Commissioners for May 23, 2013 was published once a week for four successive weeks before the hearing; and

WHEREAS, the Town of Highlands Board of Commissioners has determined through the public hearing that the closing of the aforesaid street is not contrary to the public interest and that no individual owning property in the vicinity of said street would be deprived of reasonable means of ingress and egress to his property;

NOW THEREFORE, BE IT ORDERED by the Town of Highlands Board of Commissioners the above-referenced portion of 5th Street be permanently closed and that all right, title, and interest in its respective rights-of-way is vested in those persons owning lots or parcels of land adjacent to the street.

BE IT FURTHER ORDERED that a certified copy of this Order shall be filed in the Register of Deeds Office.

Upon motion duly made and seconded, the above order was unanimously adopted by the Board of Commissioners at their regularly scheduled meeting held on the 23rd day of May, 2013 in the Highlands Conference Center, 71 Poplar St.

This the 23rd day of May, 2013.

David Wilkes, Mayor

ATTEST:

Rebecca R. Shuler,CMC, NCCMC, Town Clerk

8. Public Hearing: Amendment/Addition to UDO: Micro Breweries

A. Open Public Hearing

Commissioner Patterson made a motion to open the public hearing for Amendment/Addition to UDO: Micro Breweries at 7:15pm which was seconded by Mayor Pro Tempore Pierson and the vote was unanimous.

B. Staff Comments/Recommendation

Manager Frye informed the Board that one of the basic tenants of zoning administration is that if a particular land use is not listed in the Ordinance, or cannot be clearly included in a broader category, then it be prohibited. The Town planning staff has received an inquiry from an individual who wants to set up a small craft brewery, or a microbrewery and/or brewpub. Staff research indicates that many cities treat this use similar to a restaurant, and wherever a restaurant is allowed, so would a brewpub or microbrewery. An amendment to the UDO appears to be in order to accommodate this new use. The Planning Board considered this item at the April 8, 2013 meeting, made some revisions to the original draft ordinance amendment, and voted to recommend this UDO amendment to the Town Board for consideration.

Commissioner Stiehler questioned if the owner of the brew pub was comfortable with the quantity of 1000 barrels.

Interim Planning and Development Director Josh Ward stated that the individual was actually planning on starting with 500 barrels a year and then doubling to a 1000 if successful. Ward said there were 31 gallons per barrel.

C. Public Comments

There were no public comments.

D. Close Public Hearing

As there were no further public comments, Mayor Pro Tempore Pierson made a motion to close the public hearing, which was seconded by Commissioner Drake and upon a unanimous vote the Public Hearing was closed at 7:20 pm.

E. Council Action

Mayor Pro Tempore Pierson made a motion to adopt the Statement of Consistency for the Town of Highlands Land Use Plan in reference to the adoption of a section in the UDO on microbreweries. The Motion was seconded by Commissioner Drake and the vote was unanimous.

Commissioner Drake made motion to adopt the changes to the UDO in reference to microbreweries, which was seconded by Commissioner Stiehler and the vote was unanimous.

Amendments to the Town of Highlands Unified Development Ordinance *Recommendations from the Planning Board, as amended by the Town Board 4/18/13*

Additions to Article 2: Definitions

Microbrewery: A brewery that produces less than 15,000 barrels of beer per year with 75% or more of its beer sold off-site. Microbreweries sell to the public by one or more of the following methods: the traditional three-tier system (brewer to wholesaler to retailer to consumer); the two-tier system (brewer acting as wholesaler to retailer to consumer); and, directly to the consumer through carryouts and/or on-site tap-room or restaurant sales.

Brewpub: A brewery that sells 25% or more of its beer on site. The beer is brewed primarily for sale on the brewery site. The beer is often dispensed directly from the brewery's storage tanks.

Additions to Section 6.2, Use Table

- Add new row for "Brewpubs" after "Service or fuel stations" within the Use Category of "Retail, Service, or Wholesale Businesses" and mark "P" for

Permitted under B-1 and mark “S” for Special Use Permit under B-2 & B-3 and add under Notes, “Sec. 6.5.11 A”

- Add new row for “Microbreweries” after “Brewpubs” within the Use Category of “Retail, Service, or Wholesale Businesses” and mark an “S” for Special Use Permit under B-3 and add under Notes, “Sec. 6.5.11 A”

Addition to Section 6.5.11(A), Retail, Service or Wholesale Businesses

- Add “2. Brewpubs are allowed under this section, but shall be limited to a maximum of 1,000 barrels of production per year.”
- Add “3. Microbreweries, per Section 6.2, Use Table, are permitted with the issuance of a Special Use Permit within the B-3 zoning district only.”

9. Public Hearing: UDO Update

A. Open Public Hearing

Mayor Pro Tempore Pierson made a motion to open the public hearing for UDO Update at 7:22pm which was seconded by Commissioner Stiehler and the vote was unanimous.

B. Staff Comments/Recommendation

Interim Planning and Development Director Ward presented the Board with a list of the updates for the UDO. Ward also mentioned that Commissioner Dotson had discussed with him a few of these and on Item 9. Section 4.14.1 (C) (Table) the acreage should be converted to square footage to remain consistent with the rest of the table.

Commissioner Patterson said she had reviewed the UDO and had a few additional corrections as well:

Section 4.6.3 (B)(4) should read “parking and loading area”

Section 4.6.5 refers to section 4.6.3 and should state 4.6.4

Section 4.7.2 (A) states Sec. 4.7.7, Watershed Protection Permit and should be Sec. 4.7.8

Section 4.8.1 refers to section 6.5.2 and should state 6.5.4

C. Public Comments

There were no public comments.

D. Close Public Hearing

As there were no further public comments, Mayor Pro Tempore Pierson made a motion to close the public hearing, which was seconded by Commissioner Drake and upon a unanimous vote the Public Hearing was closed at 7:27 pm.

E. Council Action

Mayor Pro Tempore Pierson made motion to adopt the updates provided on the list presented by Ward with the before mentioned correction with additions to the UDO, which was seconded by Commissioner Stiehler and the vote was unanimous.

Mayor Pro Tempore Pierson made a motion to adopt the Statement of Consistency for the Town of Highlands Land Use Plan in reference to the adoption of the updates to the UDO. The Motion was seconded by Commissioner Drake and the vote was unanimous.

UDO List of Corrections & Amendments 4/18/13

- 1.) Section 3.8.1 (Table) – Zoning Board of Adjustment (Remove Special Use Permits & Variances from Planning Board Review).

- 2.) Section 3.8.1 (Table) – Zoning Board of Adjustment (Remove Conditional Use – Same as Special Use Permit)
- 3.) Section 3.8.1 (Table) – Remove Public Hearing Required for Preliminary and Final Subdivision Plat Approval
- 4.) Section 4.2.1 (Chart) – (Correct Section Numbering)
 - Structures in ROW – 4.7.5
 - Structures in Wetlands – 4.7.6
 - Watershed Protection Permit – 4.7.8
 - Watershed Protection Occupancy Permit – 4.7.9
- 5.) Section 4.2.4 – Change “ZBA Chairman” to “Planning & Development Director”
- 6.) Section 4.5.2 (A)(2) – Change “is” to “are”
- 7.) Section 4.6.2 (A) – Last sentence after See also add “Section 4.6.3, Item A, Multi-Family Buildings, Item B, Private Social Clubs, Item C, Nonprofit Visual Art Centers and Item D, Electronic Gaming Operations”
- 8.) Section 4.6.3 (A), (B), (C), & (D) – 1st sentence of each subset remove “, this” and add “of Section 4.6.2,”.
- 9.) Section 4.14.1 (C) (Table) (Correct Dimensional Requirements)
 - 2nd Row – 3000 s.f. up to .99 acres
 - 3rd Row – Less than 1 acre
 - 4th Row – 0 – 100%
- 10.) Section 4.14.2 (C) (Correct Dimensional Requirements)
 - 1st Sentence – one acre or more
- 11.) Section 4.14.4 (Correct Dimensional Requirements)
 - 1st Sentence – one acre or more
- 12.) Section 4.18.1 – 1st sentence change “to this ordinance” to “of this ordinance”
- 13.) Section 4.20.1 (Table) (Correct Section Numbering)
 - 4th Row – Special Use Permit – 4.6.6
 - 5th Row – Special Use Permit – 4.6.6
 - 9th Row – Erosion and Sed. Control Plan – 4.14.4 (H)
 - 12th Row – Sign Permit – 4.17.3 (B)(C)
- 14.) Section 6.2 (Use Table) (Corrections)
 - Incidental apartments add “L” under B-1
 - Customary Incidental Home Occupations – Remove from R-1
- 15.) Section 6.2 (Use Table) (Correct Section Numbering)
 - Multi-Family Dwellings – 6.3.2
 - Remove “Home-Based Businesses” (from ETJ)
 - Customary Incidental Home Occupations – 6.3.3 (F)
 - Indoor theaters, etc. – 6.5.6
 - Private social clubs – 6.5.7
 - Adult establishments – 6.5.8
 - Hotels and motels – 6.5.9
 - Tourist homes – 6.5.10
 - Remove “Service or fuel stations with or without convenience stores (from ETJ)
 - All Retail, Service, and Wholesale – 6.5.11, except All new construction – 6.5
 - Restaurants – 6.5.12
 - Professional offices – 6.5.13
 - Self-service Storage – 6.5.14
 - Outdoor Storage – 6.5.15
 - Flammable Liquid – 6.5.16
 - Electronic Gaming – 6.5.17
- 16.) Section 6.3.2 (A) – 2nd sentence change “6.5.3” to “6.5.5”
- 17.) Section 6.3.2 – Incorporate “B” into “A” & re-letter “C & D”

- 18.) Section 6.3.3 (A) – Remove 2nd sentence, refers to “Home Based Businesses”
- 19.) Section 6.3.3 – Remove “F” Home-Based Businesses (previous ETJ)
- 20.) Section 6.3.3 – Change “Customary Incidental Home Occupations” from “G” to “F” & correct “F” in order to be consistent with definition of Customary Incidental Home Occupation
- 21.) Section 8.2 – 1st sentence add “Use” after “Conditional”
- 22.) Section 8.3.1 – Dimensional Requirements Table (Correct District) Last column – Change “G/1” to “G/I”
- 23.) Section 8.4.3 – Non-residential Dimensional Requirements (Correct Wording)
 - 2nd Row – Built-Upon Area, not meeting the min. lot size
 - 4th Row – Built-Upon Area, any lot size, approved as a SNIA allocation.
- 24.) Section 9.1.5 (A)(2) – Change “6.5.8” to “6.5.10”
- 25.) Section 9.2.1 (B) –
 - Add “4.) Public Parking Spaces shall be located within 300 feet from the restaurant’s main entrance, as measured by the shortest walking distance along existing sidewalks and designated crosswalks.”
 - Add “5.) Dual-Use Parking Spaces shall be located no more than 500 feet from the restaurant’s main entrance, as measured by the shortest walking distance along existing sidewalks and designated crosswalks, and which is not separated from the restaurant by NC 106 or US 64, unless a marked and signalized crosswalk is provided for safe pedestrian access.”
- 26.) Section 10.2.3 (A) – 2nd paragraph change “10.6.1” to “10.6”
- 27.) Section 10.5.1 (B)(3) – Change “6.5.2” to “6.5.4”
- 28.) Section 12.4.8 – Change “12.6” to “12.7”
- 29.) Section 12.5.1 (B) (Correct Wording)
 - Percentage of Slope (title)
 - 1st sentence – The “percent” of slope, greatest “percentage” of
 - 2nd sentence – “percentage” of slope
- 30.) Section 12.5.1 (B)(1)
 - 1st sentence – This “percentage” shall be, slope “percentage”
- 31.) Section 12.5.1 (B)(2)
 - 1st sentence – as to the “percent”
- 32.) Section 13.2.2 (B) – Add “sign” between a & shall within the first sentence
- 33.) Section 13.2.3 (3) – (Remove both references to “Home Based Businesses” from ETJ)
- 34.) Section 13.2.6 (D)(3) – (Remove entire subset references ETJ)
- 35.) Section 13.3.1 – (Remove reference to “Home Based Businesses” from ETJ)
- 36.) Section 13.4.2 (F) – (Remove reference to “Home Based Businesses” from ETJ) & (Remove “Item D & E” and Replace with “Item F”)
- 37.) Section 13.5.2 (B) – (Remove both references to “Home Based Businesses” from ETJ)
- 38.) Section 13.3.14 – Change “6.5.2” to “6.5.4”
- 39.) Section 2.3, Definitions –
 - Customary Incidental Home Occupation: Last line, remove “not providing” and replace with “but excluding”.
 - Day Care Center: Between “see” and “home”, insert “Customary Incidental”
 - Development, Residential: Between “customary” and “home” insert “incidental”.
- 40.) Section 4.17.3 –
 - Re-letter A. (moving the existing A., B., & C. down to B., C., & D.). The new A. to state “Prior to a permit being issued by the Planning Director, the application shall be reviewed and recommendations made by the Town of

Highlands Appearance Commission.” (to be consistent with prior ordinance requirement).

- Add to new D. “Renewal shall be contingent upon the continuance of the sign(s) meeting all requirements of this ordinance; continuance of active development and marketing efforts by the developer; and the continued maintenance of the development.”

41.) Section 6.3.3 (F): Remove #2 & #3, and renumber #1 thru #4 (within Definitions, Customary Incidental Home Occupations).

42.) Section 6.5.11 – Add “, Service” after “Retail” in heading and in first line under heading and within Item A (to be consistent with Section 6.2, Use Table).

Unified Development Ordinance ~ Article 1: General Provisions Section 1.5 Public Record

Ordinance Amendment

Pursuant to an affirmative vote on the motion of Commissioner _____ and a vote of _ yeas to _ nays by the Board of Commissioners of the Town of Highlands at its regular meeting on the 23rd day of May 2013, and (applicable where there were less than 4 affirmative votes on said date) the subject matter hereof having been first introduced by being voted on by the Board at its _____ (regular or special) meeting on the _____ day of _____, 201_, as required by N.C.G.S. 160A-75, now therefore the following ordinances are hereby ADOPTED, AMENDED, OR REPEALED as set forth hereinbelow, effective on the date of adoption:

THE FOLLOWING SECTIONS ARE AMENDED TO READ AS FOLLOWS (WITH AMENDED LANGUAGE ITALICIZED) (ITALICS NOT TO BE IN CODIFIED VERSION).

Existing Sec. 1.5 Public Record

The official copy of this Ordinance and Zoning Map shall be on record in the office of the Town Clerk and shall be available for public inspection during normal business hours at the Town office *Hall*. The Town Clerk shall cause a certified copy of ~~this Ordinance and the Zoning Map~~ to be recorded in the office of the Register of Deeds of Macon County and Jackson County.

That Section 15-162 of the Code of Highlands, North Carolina, is hereby amended to read as follows:

Sec. 1.5 Public Record

The official copy of this Ordinance and Zoning Map shall be on record in the office of the Town Clerk and shall be available for public inspection during normal business hours at the Town Hall. The Town Clerk shall cause a certified copy of the Zoning Map to be recorded in the office of the Register of Deeds of Macon County and Jackson County.

10. Financial Matters: Presentation of Proposed FY2013-14 Budget

Manager Frye presented the Board with the following FY2013-14 Budget Message and Ordinance

FY 2013-14 BUDGET MESSAGE

June 20th 2013

The Honorable Mayor David Wilkes and Town Commissioners
Town of Highlands, North Carolina

Dear Mayor Wilkes:

I am pleased to present the FY2013-14 Budget for your review and consideration.

As required by the General Statutes of North Carolina, the revenues and expenditures presented within this budget are balanced.

In order to present a balanced budget across all funds, it was necessary to appropriate \$218,230.00 from undesignated General Fund Balance and a further \$218,229.00 from the Electric Reserve Fund for a combined total of \$436,459.00.

These funds were used to offset operational and capital project deficits within the Parks and Recreation Department.

This will leave the following amounts in the respective funds:

\$1,533,968.00 in undesignated general fund balance

\$2,233,450.00 in in the electric reserve fund

All other funds are self-supporting and require no outside fund transfers to enable them to operate.

BUDGET HIGHLIGHTS

As presented, the overall FY 2013-14 Budget has revenues and expenditures totaling \$13,189,591.00.

The current Town of Highlands Ad Valorem tax rate of .135 per \$100 valuation remains unchanged within FY 21013-14 Budget.

The current Highlands Volunteer Fire Department tax rate of .009 per \$100 valuation remains unchanged within FY 2013-14 Budget.

The current Town of Highlands minimum charge for electrical service remains unchanged at \$19.72 per month for residential customers and \$22.01 (single phase) or \$31.74 (three phase) per month for commercial users.

The current Town of Highlands minimum charge for water and sewer service remains unchanged at \$32.00 per month for residential customers and \$42.00 per month for commercial users.

The current Town of Highlands minimum charge for residential trash pickup remains unchanged at \$18.50 per month for residential customers.

The FY 2013-14 Budget also includes a 2% Cost of Living Adjustment (COLA) for all full time employees.

TOTAL EXPENDITURES

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

General Fund	\$4,895,227.00
Scholarship Fund	\$37,700.00
Fire and Rescue Special Revenue Fund	\$371,264.00
Cemetery Fund	\$126,200.00
Water Enterprise Fund	\$1,628,989.00
Sewer Enterprise Fund	\$619,411.00
Capital Projects Fund	\$158,140.00
Sanitation Enterprise Fund	\$577,129.00
Electric Enterprise Fund	\$4,775,531.00
Total Expenditures	\$13,189,591.00

GENERAL FUND

Total expenditures for the FY 2012-13 General Fund Budget is \$4,895,227.00. These funds are split between the individual departments/funds as follows:

Governing Body	\$30,098.00
Administration	\$892,713.00
Planning/Zoning	\$195,376.00
MIS/GIS	\$310,619.00
Police Department	\$1,157,755.00
Street Department	\$972,237.00
Public Buildings	\$62,826.00
Parks and Recreation	\$1,273,603.00
Total Expenditures	\$4,895,227.00

ENTERPRISE FUNDS

The Town of Highlands operates the following operates the following Enterprise Funds:

- Water
- Sewer
- Sanitation
- Electric

WATER FUND

Total expenditures for the FY 2013-14 Water Utility Enterprise Fund is \$1,628,989.00.

It is proposed to maintain water usage rate charges at the current FY 2012-13 levels. A detailed listing of all water utility charges can be found in the accompanying Town of Highlands FY 2013-14 Fee Schedule.

One major capital improvement/construction project is included within the Water Fund Budget for FY 2013-14; the replacement of the Big Bear Pen waterline.

It is proposed to transfer \$223,989.00 from the Water Fund Reserve to cover the cost associated with the replacement of the Big Bear Pen waterline and to cover a portion of the costs associated with the replacement of a water department service vehicle.

SEWER FUND

Total expenditures for the FY 2013-14 Sewer Utility Enterprise Fund is \$619,411.00.

Two major capital projects are included within the Sewer Fund Budget for FY 2013-14; the refurbishment of one of three waste holding tanks at the waste water treatment plant; and the refurbishment of the Arnold Road sewer pump station.

It is proposed to transfer \$16,411.00 from the Sewer Fund Reserve to cover a portion of the cost to upgrade/refurbish the Arnold Road sewer pump station.

A detailed listing of all water utility charges can be found in the accompanying Town of Highlands FY 2013-14 Fee Schedule.

ELECTRIC FUND

Total expenditures for the FY 2013-14 Electric Enterprise Fund is 4,775,531.00.

It is proposed to transfer \$218,229.00 from the electric fund reserves into the Parks and Recreation Department to cover half of the cost of constructing a new swimming pool.

Please refer to the Town of Highlands FY 2013-14 Fee Schedule for a detailed listing of all Town electrical charges.

SANITATION FUND:

Total expenditures for the FY 2013-14 Sanitation Enterprise Fund is \$577,129.00.00.

SPECIAL REVENUE FUNDS

The FY 2013-14 Budget includes the following Special Revenue Funds:

Fire Department
Capital Projects

FIRE DEPARTMENT FUND

The Highlands Volunteer Fire Department provides service to Town of Highlands and a portion of unincorporated areas of Macon and Jackson Counties.

As 100% of the revenue for the Fire Department is generated through the Fire District Ad Valorem property tax and not the Town of Highlands General Fund; a Special Revenue Fund was established proved accountability.

The current Highlands Volunteer Fire Department tax rate of .009 per \$100 valuation remains unchanged within FY 21013-14 Budget.

CAPITAL PROJECTS FUND

Total expenditures for the FY 2013-14 Capital Projects Fund is \$158,140.00 and includes the following fund transfers:

General Fund	\$15,698.00
Sewer Fund	\$99,704.00
Electric Fund	\$42,738.00

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 town's new radio read water meters (\$85,475.00), and debt service on the Mirror lake Sewer project (\$56,967.00).

LONG TERM OUTLOOK

At the current time, the financial outlook for the Town of Highlands remains upbeat.

The Town's undesignated General Fund Balance remains strong and the Electric Fund; thanks to the series of significant rate increases enacted over the last 2 years; is now stable and has begun to slowly replenish itself.

In terms of long term debt, the Town is fortunate that it has had access to its reserve funds as its current level of debt is extremely low.

Given the extent to which the Town depends upon its reserve funds to finance its capital improvement projects, it remains critical for the Town to assess the impact that current and projected capital projects will have on future budgets so as not to place additional undue strain on the Town's fiscal reserves.

It is also important for the Town to assess the needs; both in terms of yearly cost of program operation; and of long term capital project needs; within the Parks and Recreation Department in order to address the increasing widening deficits that are resulting within the department.

These continuing deficits are the biggest challenge currently facing the Town and their underlining causes; the inability of the Parks and Recreation Department to generate sufficient program revenue to carry the cost of yearly operations must be addressed in some manner if the Town is to be able to continue to operate a viable Parks and Recreation Department.

CLOSING COMMENTS

I would like to commend Mayor David Wilkes and the Town Board for their guidance in working with staff as the budget evolved from its first drafts to its final form. Clear concise directives from our elected officials made developing the budget much easier.

I would also like to commend town staff for the diligent work they put into the budget and the diligence with which they worked to hold the line on expenses.

In closing, I would like to say that I look forward to implementing this budget and in so doing I hope that we achieve our goal of providing quality public services to our community.

Sincerely,

TOWN OF HIGHLANDS

Robert A. Frye Jr.
Town Manager

**TOWN OF HIGHLANDS
BUDGET ORDINANCE
FISCAL YEAR 2014
JULY 1, 2013 THRU JUNE 30, 2014**

BE IT ORDAINED by the Board of Commissioners of the Town of Highlands, North Carolina, assembled this 20th day of June 2013, that the following fund revenues and department and/or fund expenditures be adopted:

SECTION I. TOTAL REVENUES

General Fund	\$ 4,895,227.00
Scholarship Fund	\$37,700.00
Fire & Rescue Special Revenue Fund	\$371,264.00

Cemetery Fund	\$126,200.00
Water Enterprise Fund	\$1,628,989.00
Sewer Enterprise Fund	\$619,411.00
Capital Projects Fund	\$158,140.00
Sanitation Enterprise Fund	\$577,129.00
Electric Enterprise Fund	<u>\$ 4,775,531.00</u>
Total Revenues	\$13,189,591.00

SECTION II. TOTAL EXPENDITURES

General Fund	\$ 4,895,227.00
Scholarship Fund	\$37,700.00
Fire & Rescue Special Revenue Fund	\$371,264.00
Cemetery Fund	\$126,200.00
Water Enterprise Fund	\$1,628,989.00
Sewer Enterprise Fund	\$619,411.00
Capital Projects Fund	\$158,140.00
Sanitation Enterprise Fund	\$577,129.00
Electric Enterprise Fund	<u>\$ 4,775,531.00</u>
Total Revenues	\$13,189,591.00

SECTION III. TAX RATES ESTABLISHED

An Ad Valorem tax rate \$.135 per \$100 valuation is hereby established for the General Fund purposes for the Town of Highlands for FY13. This rate is based on an approximate valuation of \$1,881,281,265.00 and an estimated collection rate of 98.3%.

An Ad Valorem tax rate of \$.009 per \$100 valuation is hereby established for Fire & Rescue for the Town of Highlands for FY13.

SECTION IV. BUDGET ORDINANCE

This ordinance shall be the basis of the financial plan for the Town of Highlands during the fiscal year 2014. The approved annual budget for all funds, which shows line item detail, will be used for tracking revenue and expenditures.

ATTEST:

APPROVED:

Robert A. Frye, Jr., Town Manager

David Wilkes, Mayor

Commissioner Patterson made a motion to set a public hearing for the FY2013-14 Budget for the June 20, 2013 regular Board of Commissioner meeting at 7:00pm, which was seconded by Commissioner Drake and the vote was unanimous.

11. Miscellaneous Matters: Duke Energy Contract Amendment

Kevin O'Donnell presented to the Board with the First Amendment to the Revised and Restated Settlement Agreement and Second Amended and Restated Power Purchase and Reops Compliance Service Agreement between Duke Energy Carolinas, LLC and Town of Highlands, North Carolina.

After a brief discussion as to the Town's options, Commissioner Patterson made a motion to approve the Amendment to Settlement Agreement stipulating that we will pay

on a 12 month installment, which was seconded by Commissioner Drake and the vote was unanimous.

Commissioner Patterson then made a motion to approve Amended Purchase and Reps Compliance Agreement, which was seconded by Commissioner Stiehler and the vote was unanimous.

12. Miscellaneous Matters: Church Street Parking Request

Manager Frye told the Board that Ms. Judy Michaud had asked the Board to reconsider their decision to restrict parking on the end of Church Street closest to the Highlands/Cashiers Child Development Center.

Commissioner Patterson opened the discussion with a request to see the parking map.

Commissioner Stiehler said he felt a complaint from owner from Reeves back in November about congestion on Main Street made the Board take into consideration other areas such as the Falls on Main and Second and Third Streets to Spring. However, he felt it wouldn't hurt to open the part back up on Church Street as requested.

Mayor Wilkes would like to ask if it is opened what would stop other employees from parking there.

Commissioner Dotson said his only regret is that the only businesses that are looking at this parking request are real estate agencies and he would feel better about it if there were more people who would have joined in this request.

Judy Michaud stated that realtors had a different type of business than others and aren't in their business for 8 hours a day. Realtors are in and out all day and it is hard on their clients to have to walk so far. Michaud also stated that Mrs. Maps at the Highlands Presbyterian Church also had said it was very burdensome on the pastor of the church to have to park so far away. Michaud questioned why the Board would change the parking there if there weren't any issues with the parking during the season last year.

Commissioner Stiehler made a motion to make the lower ten spaces on Church Street closest to the Highlands/Cashiers Child Development Center unrestricted parking, which was seconded by Commissioner Patterson and the vote was unanimous.

13. Miscellaneous Matters: Directional Signs

Commissioner Stiehler brought to the attention of the Board that an illegal offpremise sign had been discovered at the intersection of 106/Arnold Road. The Town does not allow offpremise directional signs, however Stiehler feels that is an extremely dangerous intersection and he would like leave the sign in place as a safety precaution long enough to allow the planning board to look at the topic.

After much discussion as to how the sign was helping with the safety issue, getting DOT to erect a road sign designating the intersection better, temporary event signs being established it was determined to leave the sign until the Planning Board could recommend to the Board an offpremise directional sign ordinance amendment.

14. Closed Session: Personnel Matters under [NCGS §143-318.11(a)(6)] & Attorney-Client Privilege pursuant to NCGS §143-318.11(a) (3)

Mayor Pro Tempore Pierson made a motion to go into Closed Session at 8:41pm, which was seconded by Commissioner Drake, and the vote was unanimous. The Board met in closed session pursuant to NCGS §143-318.11(a)(6) to discuss a personnel matter and pursuant to NCGS §143-318.11(a)(3) for attorney-client privilege. Commissioner Patterson moved the Board back into to open session at 9:41 pm, which was seconded by Mayor Pro Tempore Pierson and the vote was unanimous. Town Manager Evaluation was conducted.

15. Adjournment

As there were no further matters to come before the Board of Commissioners, Commissioner Patterson moved to adjourn, which was seconded by Commissioner Drake and upon unanimous vote, the Town Board adjourned at 9:49pm.

David Wilkes
Mayor

Rebecca R. Shuler, CMC, NCCMC
Town Clerk